



PERFORMANCE & ACCOUNTABILITY REPORT

FISCAL YEAR 2015

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NATIONAL ENDOWMENT FOR THE HUMANITIES

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PERFORMANCE AND ACCOUNTABILITY REPORT

Fiscal Year 2015

TABLE OF CONTENTS

A Message from the NEH Chairman

I. Management's Discussion and Analysis

Overview of the Report

Mission and Organizational Structure	1
Highlights of Performance Goals and Results.....	2
Brief Analysis of Financial Statements.....	5
Required Supplementary Stewardship Information	6
Management Assurances	7
Effects of Existing Events and Conditions	7
Organizational Chart.....	9

II. Performance Information

Performance Data and Analysis	11
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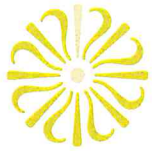
III. Financial Information

Message from the NEH Director of Accounting.....	45
Auditor's Report and Agency Financial Statements.....	47

IV. Other Accompanying Information

NEH Inspector General's Summary of Management Challenges	79
Chairman's Response to Inspector General's Summary	83
Summary of Financial Statement and Management Assurances	85
Improper Payments Improvement Act Reporting	86

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A Message from the Chairman

I am pleased to present the Performance and Accountability Report for the National Endowment for the Humanities (NEH) for fiscal year (FY) 2015. The report sets forth the agency's goals and objectives and highlights our related accomplishments for the fiscal year just concluded. Also included in the report is information on the Endowment's finances and operations during the year.

NEH is an independent federal agency that was created by an act of Congress in 1965. The Endowment's overarching goal is to advance knowledge and understanding in the humanities in the United States. We are also committed to providing national leadership in promoting the humanities in American life. We do this by encouraging and supporting excellence in scholarship, education, and public programming in the humanities.

The information contained in this report provides ample evidence of the continuing value and importance of our programs and activities for the American people. Some of our notable accomplishments this past year include:

- In FY 2015, NEH awarded \$120,035,848 to 805 projects in every state of the nation and U.S. territorial jurisdictions. These projects are advancing knowledge and understanding in the humanities—history, literature, languages, philosophy, archaeology, and other humanities subjects and disciplines—and bringing this knowledge to millions of Americans.
- This past year NEH launched the first discrete program under its new initiative, *The Common Good: The Humanities in the Public Square*. The “Public Scholar Program” encourages and promotes humanities research and writing for a wider reading public. The first grant competition in this new program was a resounding success: Nearly 500 applications were submitted, and the Endowment made 36 awards. The program received national acclaim for its success in prompting interest in engaging and well-researched non-fiction books for the general reading public.
- A key part of the Common Good program is the Endowment's special veterans-related initiative, *Standing Together: The Humanities and the Experience of War*. To date, the Endowment has awarded more than \$3.5 million to projects that are reaching veterans throughout the nation. Of particular note is the \$300,000 awarded for a special project that will support more than 30 public screenings and discussion panels nationwide focused on a new documentary film, “Debt of Honor: Disabled Veterans in American History.” This film was broadcast nationally on Veterans Day, with

screening sites carefully selected to include localities with significant veteran and military populations. As part of the *Standing Together* initiative NEH has also provided major funding to acclaimed documentary filmmaker Ken Burns for a ten-part series on “The Vietnam War,” which is slated to air on PBS in 2017.

- In FY 2015 NEH launched a new “Humanities Open Book” program, in partnership with the Andrew W. Mellon Foundation, that is designed to make outstanding, out-of-print humanities books available electronically, and free of charge, to the American people. By taking advantage of low-cost e-book technology, this program will allow teachers, students, scholars, and the public to read many thousands of works of history, literature, philosophy, and other humanities subjects that have long been out of print. This innovative program’s first awards will be made in the fall of this year. The Mellon Foundation has committed \$1,500,000 to the program over three years.
- NEH’s work in FY 2015 was complemented and extended by the programs and projects of the NEH-affiliated humanities councils in the states and U.S. territories. With their strong networks of cultural and educational institutions within their states, the councils are able to reach citizens in diverse and remote settings that NEH’s national programs may not be able to reach. The councils support reading and discussion programs for children and families; state and local book festivals; educational institutes for elementary and secondary school teachers; scholarship on state and local history; Chautauqua-style historical performances; radio and film projects on humanities themes; and special initiatives designed to bring humanities programming to patients at veterans hospitals throughout the country

It is a powerful indicator of NEH’s success that it has been able to engage so many domains of humanities work—popular and scholarly, individual and institutional, contemporary and historical, conceptual and material—and to see these poles come together, often in a dramatic way. The most significant result of this work is the steady growth of the cultural capital of the United States. NEH has had many partners in this endeavor, including humanities councils in every state and territory, state and local governments, private foundations, and generous individuals. But without the Endowment’s leadership, commitment to the cultivation of the entire nation’s cultural capacity, and focus on broad access to humanities resources for all Americans, our citizens’ understanding and appreciation of their cultural heritage would be significantly diminished.

On September 29, 1965, President Johnson signed into law the statute that created NEH. In the five decades since, NEH has made more than 63,000 grants totaling \$5.3 billion, including thousands of matching grants that have leveraged an additional \$2.5 billion from the private sector. These grants have brought the best humanities research, public programs, education, and preservation projects to the American people. NEH-funded projects have led to the discovery of a lost Jamestown settlement fort, digitized and made accessible millions of pages of historic United States newspapers, created the first museum exhibit of cultural icon King Tut, preserved the papers of ten presidents including George Washington and Abraham Lincoln, and invested in the career of then- unknown documentary filmmaker Ken

Burns. As we embark on our sixth decade of service to the American people, we are eager to build upon the significant record of success we have attained over our first fifty years.

The financial and performance data contained in this report are, to the best of my knowledge, reliable and complete. I can also state that the National Endowment for the Humanities is in compliance with the requirements of the Federal Managers' Financial Integrity Act of 1982. There are no material weaknesses to report.

A handwritten signature in black ink, appearing to read 'W.D. Adams', with a stylized, cursive script.

William D. Adams, Chairman
November 16, 2015

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PERFORMANCE AND ACCOUNTABILITY REPORT Fiscal Year 2015

I. MANAGEMENT'S DISCUSSION AND ANALYSIS

Mission and Organizational Structure

In the 1965 legislation that established the National Endowment for the Humanities (NEH), the Congress of the United States declared that "encouragement and support of national progress . . . in the humanities . . . , while primarily a matter of private and local initiative, is also an appropriate matter of concern to the Federal Government." Acknowledging the federal government's interest in "promoting progress in the humanities," the 89th Congress expressed this interest in a single, powerful observation: "Democracy demands wisdom and vision in its citizens." The agency's authorizing legislation also encourages the Endowment to, among other things, promote "understanding of the nation's rich cultural heritage," foster a "mutual respect for the diverse beliefs and values of all persons and groups," and relate the humanities to "the current conditions of national life."

The Endowment helps Americans develop "wisdom and vision" by supporting humanities projects and programs that expand knowledge of history, thought, and culture. NEH provides grants to the nation's museums, archives, libraries, colleges, universities, and public television and radio stations, as well as other educational and cultural institutions. The agency also provides grants to individuals to undertake advanced research and scholarship in the humanities.

NEH is directed by a Chairman, who is appointed by the President of the United States and confirmed by the U.S. Senate for a term of four years. The current Chairman is Dr. William D. Adams, who was nominated by President Obama in April of 2014 and confirmed by the Senate in July of that year. Before coming to NEH, Dr. Adams served for many years as president of Colby College in Maine. Advising Dr. Adams is the National Council on the Humanities, a board of 26 distinguished private citizens who are appointed by the President and confirmed by the Senate. National Council members serve staggered six-year terms.

The agency's grant programs are organized into four divisions (Education Programs, Preservation and Access, Public Programs, and Research Programs) and three offices (Federal/State Partnership, Digital Humanities, and Challenge Grants). Complementing these divisions and offices in FY 2015 were two special program initiatives: *Standing Together: The Humanities and the Experience of War*, which assists veterans as they return to civilian life and which helps Americans understand the experiences of service members; and *Bridging Cultures*, which encourages humanities projects that illuminate the connections and commonalities in the human experience across diverse cultures and subcultures within America's borders and around the globe. In FY 2015, NEH also introduced a new initiative, *The Common Good: The Humanities in the Public Square*, which is designed to demonstrate and enhance the critical role the humanities can play in our nation's public life.

NEH's grant programs received nearly 5,000 applications in FY 2015. These applications were evaluated by knowledgeable persons outside NEH who were asked for their judgments about the

quality and significance of the proposed projects. Nearly 1,000 scholars, teachers, librarians and archivists, museum curators, documentary filmmakers, and other humanities professionals and experts served on the more than 240 panels NEH convened in FY 2015. Panelists represent a diversity of disciplinary, institutional, regional, and cultural backgrounds. NEH staff assembles panelists' evaluations of the merits of grant applications and comment on matters of fact or significant issues that would otherwise be missing from the review. The materials are then presented to the National Council on the Humanities, which meets three times each year to advise the Chairman of NEH. The Chairman takes into account all of the advice provided via the review process and, by law, is authorized to make the final decision about funding. More than 800 humanities projects received funding from NEH in fiscal year 2015.

Highlights of Important Performance Goals and Results

In FY 2015, NEH worked to fulfill its legislated mission through the pursuit of two broad strategic goals—to advance knowledge and understanding in the humanities in the United States and to provide national leadership in promoting the humanities in American life. A third, related goal is to enhance the quality of service and efficiency of our operations. (Note: In the spring of 2015, the Endowment began an agency-wide effort to revamp and refresh its existing strategic plan. The revised plan will inform the agency's FY 2016 Performance and Accountability Report.)

The first of the agency's extant programmatic goals in FY 2015—to advance knowledge and understanding in the humanities in the United States—involved the pursuit of a number of objectives:

- Facilitate basic research and original scholarship in the humanities.
- Strengthen teaching and learning in the humanities in elementary and secondary schools and institutions of higher education.
- Preserve and increase access to cultural heritage resources that constitute cultural and intellectual patrimony of the American people and that are important to research, education, and public programming in the humanities.
- Provide opportunities for Americans of all ages and wherever located to engage in lifelong learning in the humanities.
- Maintain and strengthen partnerships with the state humanities councils.
- Strengthen the institutional base of the humanities through financial incentives provided by matching challenge grants.
- Stimulate third-party support for humanities projects and programs.
- Create new program initiatives that advance knowledge and understanding in the humanities, such as promoting understanding of the diverse histories, cultures, and

perspectives that have shaped the United States and the histories and cultures of other nations; and providing a focal point for development of the digital humanities.

Performance indicators were in place for each of these objectives (see the Performance Information section of this report, beginning on page 14). The indicators help NEH assess the outcomes of the humanities projects we support and the extent to which they advance the agency's long-term goals.

Because FY 2015 has only just concluded, we cannot report actual outcomes related to most of our grant-making activity during the year. This is because the vast majority of projects supported in any given year will not result in tangible outcomes by the completion of the grant period. For example, fellowships and stipends awarded to scholars to conduct advanced research in the humanities typically will not result in the publication of books or articles until five or more years after the grant period has ended. The outcomes of these grants will thus need to be accounted for in future performance reports.

For performance measuring purposes, we have been adapting elements of the new Research Performance Progress Report (RPPR) format, which was developed by a committee of the National Science and Technology Council and is under the supervision of the National Science Foundation. This report will help us capture richer performance information from our grantees and import that information directly into our grants management system. In FY 2015, the Endowment began piloting the RPPR format in a handful of grant categories. We have also recently developed an in-house system for collecting information on the products and prizes that result from NEH grants. This system is helping the agency better understand the impact of our programs and initiatives.

As noted previously, in recognition of the importance of the humanities both in helping Americans to understand the experiences of service members and in assisting veterans as they return to civilian life, in FY 2015 NEH continued its special programming, *Standing Together: The Humanities and the Experience of War*. To date, the Endowment has awarded more than \$3.5 million to projects that are reaching veterans throughout the nation, including:

- Support for veterans to attend “academic boot camps” on 11 college and university campuses to help them transition from the military to life as college students;
- Reading and discussion programs in VA hospitals, community centers, and public libraries using great works of literature;
- Public performances for and involving veterans that draw on timeless themes from classical Greek dramas of soldiers returning home from war; and
- Support for veterans-related work in the 50 states and the territories through grants made to the state humanities councils.

In addition, in FY 2015 the agency awarded \$300,000 for a special project that will support more than 30 public screenings and discussion panels nationwide focused on a new documentary film, “Debt of Honor: Disabled Veterans in American History,” that was broadcast nationally on

Veterans Day. The screening sites will be selected to include localities with significant veteran and military populations. As part of the *Standing Together* initiative NEH has also provided major funding to acclaimed documentary filmmaker Ken Burns for a ten-part series on “The Vietnam War,” which is slated to air on PBS in 2017.

The Endowment also recently announced the creation of an additional program concerned with veterans and active service members, “Dialogues on the Experience of War.” This program will provide funding of up to \$100,000 for projects that prepare discussion leaders and conduct discussion groups on significant issues related to war and military service. Discussion groups can be made up exclusively of military veterans, but can also include men and women in active service, military families, and interested members of the public.

In FY 2015, NEH also launched the first discrete program under its new initiative, *The Common Good: The Humanities in the Public Square*. The “Public Scholar Program,” which is administered in the Endowment’s Research Programs division, encourages and promotes humanities research and writing for a wider reading public. Under this grant category, awards are being made to scholars working on topics of broad public interest and that have lasting impact. The first grant competition in this new program in FY 2015 was a resounding success: Nearly 500 applications were submitted, and the Endowment made 36 awards. The program garnered great praise in the press nationally for helping to spur an interest in engaging, well-researched, and accessible non-fiction books for the general reading public. NEH’s Public Programs division, as well as the state humanities councils, will help facilitate public discussion programs centered on these works when they are published in the coming years.

The Endowment uses a variety of methods to ensure that its programs and policies are effective in advancing the work of the humanities. Outside evaluators who serve in our application review system, for example, not only assess the merits of grant proposals but also help us monitor the goals and objectives of our programs. NEH also routinely collects performance information from grantees after they have concluded their projects. Grant recipients are required to submit final narrative reports, in which they are asked to provide specific information about the results of their project. This information in turn helps us to assess the impact of our grant-making efforts.

NEH continues its commitment to assessing the outcomes of its grants in order to monitor and, when needed, improve the effectiveness of our programs and operations. In recent years, for example, we have conducted a series of in-depth evaluations of a number of our major grant programs. Assessments have recently been completed of the NEH Fellowships program in the Division of Research Programs, one of the Endowment’s original flagship programs; the Humanities Collections and Research Resources program in the Division of Preservation and Access; the Media program in the Division of Public Programs; and the Digging into Data program in the Office of Digital Humanities. Each of these surveys produced findings that have helped the agency make adjustments in program objectives, bring greater clarity to program guidelines, improve grants management, and provide better service to applicants and grantees alike. We have also posted the results of these surveys online so that the public can understand what we do, how we do it, and how well our programs are performing.

A number of other evaluations are either currently in the works or will be launched in the coming year, including:

- ✓ NEH's Division of Education Programs has recently completed a systematic evaluation of the outcomes of grants made from 1997-2011 in the Summer Seminars and Institutes for College and University Teachers program. Data gathered from the survey is helping us assess the program's impact and make some adjustments in this grant opportunity's structure and objectives.
- ✓ The Research Programs division is evaluating its Summer Stipends program, which provides grants to scholars to devote two months of uninterrupted time to research or writing on an advanced research project in the humanities.
- ✓ The agency's Public Programs division is in the final year of a multi-year study to collect data on the reach and impact of NEH-supported public humanities projects. A new audience survey is also being piloted at each of the nearly 500 sites that are conducting film screenings as part of the agency's *Created Equal: America's Civil Rights Struggle* project, which encourages public conversations about changing meanings of race, equality, and freedom in American civic life.
- ✓ The Office of Digital Humanities has begun an evaluation of its Institutes for Advanced Topics in the Digital Humanities program. Extensive interviews will be conducted with scholars who attended the institutes to determine how the training impacted their research and their humanities careers. This evaluation will help the Endowment gauge how well the program is achieving its goals and where adjustments may be needed to meet needs and opportunities in the field of digital humanities.

Brief Analysis of Financial Statements/Financial Overview

The principal financial statements have been prepared to report the financial position and the results of operations of the National Endowment for the Humanities (Endowment), pursuant to the requirements of 31 U.S.C. 3515 (b). These statements are included in the Financial Section of the Performance and Accountability Report.

While the statements have been prepared from the books and records of the Endowment in accordance with generally accepted accounting principles (GAAP) for Federal entities and the formats prescribed by the Office of Management and Budget, the statements are in addition to the financial reports used to monitor and control budgetary resources which are prepared from the same books and records.

The statements should be read with the realization that the Endowment is a component of the United States Government, a sovereign entity.

The following is a brief summary of the principal statements. *The amounts shown are in millions of dollars.*

Balance Sheet

On the balance sheet, the Endowment's most significant asset is the fund balance with the U.S. Treasury. This balance principally represents funds to be paid in future years for grants. For fiscal years 2015 and 2014, the Endowment had a fund balance with the U.S. Treasury of \$148.1 and \$148.5, respectively. Higher outlays in FY 2015 and a \$.1 reduction in trust fund donations accounts for this slight reduction. The FY 2015 amount of \$148.1 comprises \$147.7 of appropriated no-year funds and \$.4 of trust no-year funds.

Of the \$23.3 in total liabilities for FY 2015, the Endowment's principal liability is the estimated grant liability. This liability represents an accrual for the amount of estimated unreimbursed grantee expenses, as of September 30, 2015. For fiscal years 2015 and 2014, the Endowment had grant liabilities of \$21.1 and \$22.5, respectively. The reduction is due to higher grant disbursements for FY 2015, which reduced the liability.

The Endowment's net position consists primarily of unexpended appropriations. The unexpended appropriations include the portion of the Endowment's appropriation represented by undelivered orders and unobligated balances. As required by OMB Circular A-136, the balance sheet shows the portion of cumulative results of operations and unexpended appropriations for dedicated collections separately from all other funds on the face of the balance sheet. For fiscal years 2015 and 2014, the Endowment had unexpended balances of \$128.6 and \$127.2, respectively. The increase is due to the net effect of a larger unexpended balance at the beginning of FY 2015 compared to FY 2014 and a larger amount of appropriations used during the year compared to the previous year.

Statement of Net Cost

The net cost of operations represents the gross cost incurred by the Endowment less any exchange revenue earned from its activities. By disclosing the gross and net cost of the Endowment's programs, the statement of net cost provides information that can be related to the outputs and outcomes of the Endowment's programs and activities. For fiscal years 2015 and 2014, the Endowment had net cost of operations of \$145.9 and \$138.7, respectively. This is due largely to increased expenses in the Endowment's grant programs.

Statement of Changes in Net Position

The statement of changes in net position is designed to display the components of the unexpended appropriations and cumulative results of operations separately to enable the stakeholders to better understand the nature of this statement. For fiscal years 2015 and 2014, the Endowment had net positions of \$128.5 and \$126.8, respectively. The increase is due to a larger unexpended appropriations balance in FY 2015.

Statement of Budgetary Resources

The statement of budgetary resources provides information about how budgetary resources were made available to the Endowment as well as their status at the end of the period. It is the only financial statement primarily derived from the Endowment's budgetary general ledger in accordance with budgetary accounting rules, which are incorporated into GAAP for the Federal Government. The budgetary resources are mostly from funds appropriated by the U.S. Congress. For fiscal years 2015 and 2014, the Endowment had \$157.1 and \$154.8 in budgetary resources, respectively. The change is due primarily to the unobligated balances carried

forward for FY 2015. For fiscal years 2015 and 2014, the Endowment had net outlays of \$146.3 and 138.6, respectively.

Required Supplementary Stewardship Information

Stewardship Investments - Investment in Non-Federal Physical Property

The National Endowment for the Humanities (NEH) provides a long term benefit to the public by maintaining its commitment to investing in non-Federal physical property. Non-Federal physical property refers to expenses incurred by the Federal government for the purchase, construction, or major renovation of physical property owned by state and local governments, including major additions, alterations, and replacements; the purchase of major equipment; and the purchase or improvement of other physical assets.

NEH's investment in non-Federal physical property currently includes facilities, structures, and equipment.

Management Assurances

In accordance with the Federal Manager's Financial Integrity Act of 1982, in FY 2015 NEH conducted its required review of the agency's operations and procedures to identify possible deficiencies in management controls. This annual review enables the agency to provide reasonable assurance that it is in compliance with the requirements of the Integrity Act.

As a result of our FY 2015 review, NEH assures that its internal management controls are adequate and effective for controlling waste, fraud, abuse, and mismanagement of resources.

Possible Future Effects of Existing Events and Conditions

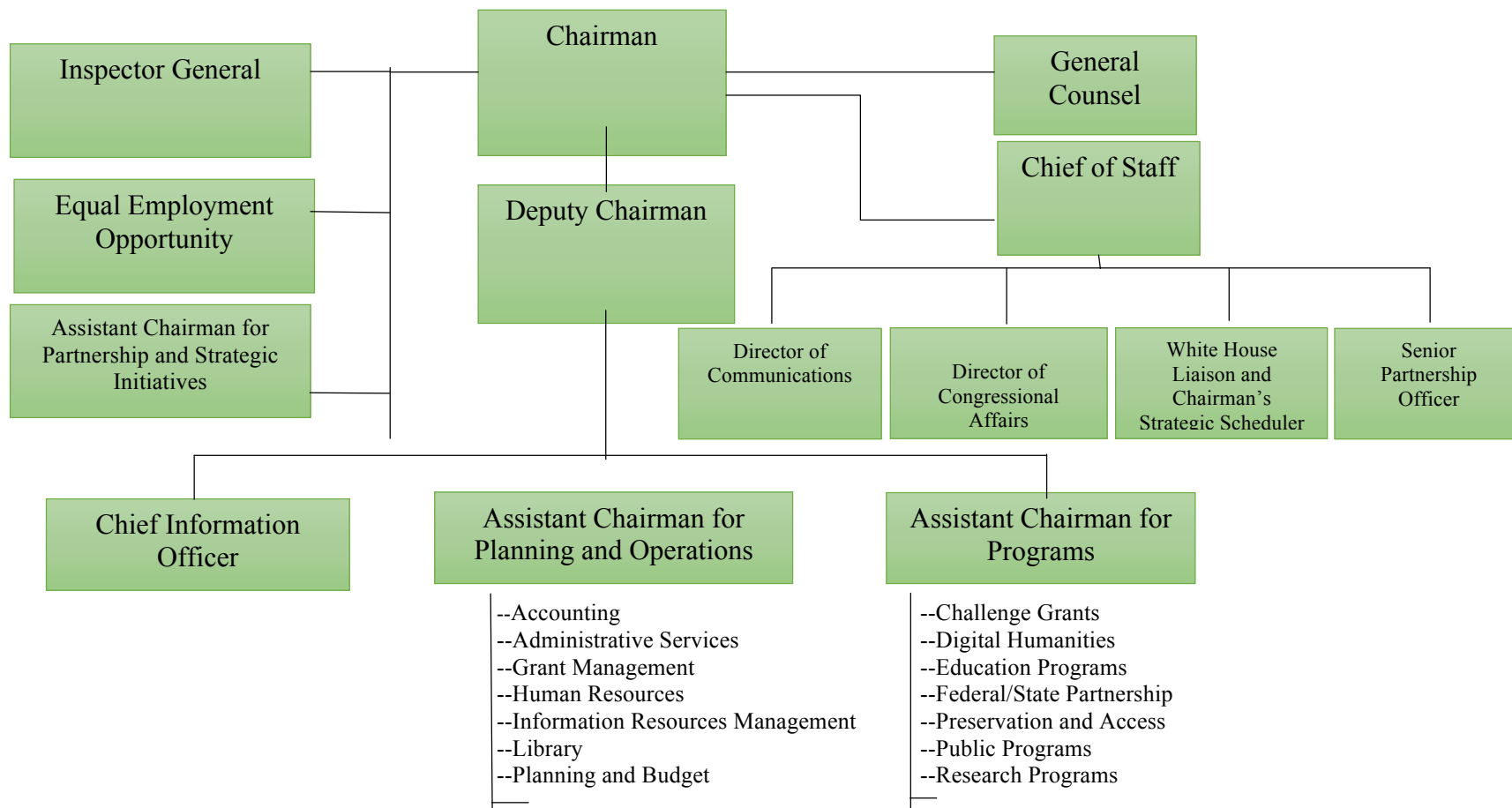
The Endowment, along with many other federal agencies, continues to face fiscal pressures as the federal government struggles to bring revenues and expenditures into balance. NEH and other agencies limp along year to year under continuing resolutions and omnibus funding bills that do not address the particular budgetary needs of the agency. This makes it difficult for the Endowment to plan its programmatic and administrative activities in an effective way and, once an appropriation is made, to execute its financial resources efficiently.

Organizational Structure

The following page shows NEH's current organizational structure.

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National Endowment for the Humanities



As of January 2015

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II. PERFORMANCE INFORMATION

Fiscal Year 2015 Performance Report and Data from Three Previous Fiscal Years

INTRODUCTION

We are pleased to present the Performance and Impact section of our Performance and Accountability Report (PAR) for fiscal year 2015. The purpose of this section of the report is to compare performance levels anticipated for fiscal year 2015 in the annual NEH Performance Plan with the performance outcomes that were actually achieved during that year. FY 2015 goals and indicators relate to the FY 2013-2017 NEH Strategic Plan. Because the goals and indicators of the NEH Performance Plan are tied directly to and closely parallel the general goals and objectives in the Endowment's multi-year strategic plan, this report will also serve as a measure of the agency's progress in achieving its long-term strategic goals.

The results projected in the NEH Performance Plan may accrue over many years. In those cases, measured outcomes of FY 2015 will be reported as partial results and revised in subsequent annual PARs. The projected performance outcomes cited below are those embodied in the NEH Performance Plan and relate to funding allocations at the levels of the final, enacted budget of each year. In what follows, projected performance indicators are shown in *italics*; measured performance outcomes in **bold**. Performance results that as of this writing remain incomplete are enclosed in parenthesis.

[Note: The volume of applications to NEH's discrete programs and grant categories typically fluctuates from year to year. In addition, because grants are awarded through a highly competitive—and necessarily contingent—application review process, the numbers of grants actually awarded during a given year (in **bold**) may differ significantly from the numbers of awards (in *italics*) projected for the year.]

PERFORMANCE GOALS:

A: To facilitate basic research and original scholarship in the humanities.

PERFORMANCE INDICATORS:

1) Provide support for fellowships and stipends that enable scholars—both those affiliated with educational institutions and those working independently—to devote a concentrated period of time to research and writing on significant subjects in all fields of the humanities.

- FY 2015: Support was provided for 190/**190** individual scholars to make significant progress on important humanities research projects through fellowships and stipends.
- FY 2014: Support was be provided for 161/161 individual scholars to make significant progress on important humanities research projects through fellowships and stipends.

- FY 2013: Support was provided for 183/183 individual scholars to make significant progress on important humanities research projects through fellowships and stipends.
 - FY 2012: Support was provided for 190/176 individual scholars to make significant progress on important humanities research projects through fellowships and stipends.
- 2) Support collaborative research projects on significant subjects in the humanities.
- FY 2015: Support was provided for 33/33 important long-term collaborative projects in the humanities such as scholarly editions, translations, archaeological excavations and analyses and other complex, large-scale undertakings. In addition, 24/24 previously awarded grants received ongoing support through NEH matching funds.
 - FY 2014: Support was provided for 45/45 important long-term collaborative projects in the humanities such as scholarly editions, translations, archaeological excavations and analyses and other complex, large-scale undertakings. In addition, 24 previously awarded grants will receive ongoing support through NEH matching funds.
 - FY 2013: Support was provided for 42/42 important long-term collaborative projects in the humanities such as scholarly editions, translations, archaeological excavations and analyses and other complex, large-scale undertakings. In addition, 16/16 previously awarded grants will receive ongoing support through NEH matching funds.
 - FY 2012: Support was provided for 33/42 important long-term collaborative projects in the humanities such as scholarly editions, translations, archaeological excavations and analyses and other complex, large-scale undertakings. In addition, 18/18 previously awarded grants will receive ongoing support through NEH matching funds.
- 3) Encourage international scholarly collaboration in the humanities.
- FY 2015: Awards for 23/23 humanities fellowship programs at independent research institutions are supporting the work of 72/72 humanities scholars who are making significant contributions to scholarship in the humanities.
 - FY 2014: Awards for 24/24 humanities fellowship programs at independent research institutions supported the work of 76/76 humanities scholars who are making significant contributions to scholarship in the humanities.
 - FY 2013: Awards for 23/23 humanities fellowship programs at independent research institutions supported the work of 75/75 humanities scholars who are making significant contributions to scholarship in the humanities.

- FY 2012: Awards for 25/25 humanities fellowship programs at independent research institutions supported the work of 80/80 humanities scholars who are making significant contributions to scholarship in the humanities.
- 4) Encourage the use of digital technologies in scholarly research and the dissemination of research findings. (New indicator in FY 2015.)
- FY 2015: Applicants were encouraged to harness the vast potential of advanced digital technology in the conduct and dissemination of their research.
- 5) Work in partnership with the National Science Foundation to support projects to record, document, and archive endangered languages worldwide, with a special emphasis on endangered Native American languages. (New indicator in FY 2015.)
- FY 2015: *Ten/10* projects were supported through the Endowment's multi-year funding partnership with the National Science Foundation to provide awards to scholars engaged in recording and archiving key languages before they become extinct.
- 6) Support humanities scholarship and related course development by faculty at Historically Black Colleges and Universities, Hispanic-Serving Institutions, and Tribal Colleges and Universities.
- FY 2015: Support was provided to 9/9 individual scholars who teach at historically black colleges and universities, at institutions with high Hispanic enrollment, and at tribal colleges and universities to make significant progress on important scholarly projects in the humanities through faculty research awards.
 - FY 2014: Support enabled 10/10 individual scholars who teach at historically black colleges and universities, at Hispanic-serving institutions, and at tribal colleges and universities to make significant progress on important scholarly projects in the humanities through faculty research awards.
 - FY 2013: Support enabled 10/9 individual scholars who teach at historically black colleges and universities, at institutions with high Hispanic enrollment, and at tribal colleges and universities to make significant progress on important scholarly projects in the humanities through faculty research awards.
 - FY 2012: Support enabled 5/6 individual scholars who teach at historically black colleges and universities, at institutions with high Hispanic enrollment, and at tribal colleges and universities to make significant progress on important scholarly projects in the humanities through faculty research awards.

ANALYSIS:

Availability of data. The scholars who received NEH funding during FY 2015 undertook projects of varying length, from the three months of independent research and writing supported by a summer stipend to multi-year research collaborations. In the coming months and years, these projects will come to fruition in the form of journal articles, books, and scholarly editions. Increasingly, the Endowment's Grants Management System (GMS) database will facilitate the aggregation of data about products, such as books and articles that result from activities supported by specific NEH grants. As well, current and past grantees can now input data about such additional project outcomes journal articles, websites, documentary films, museum exhibitions, conferences, workshops, computer software, and academic prizes, or about media coverage, such as a book review, newspaper article, or radio interview.

FY 2015 accomplishments. The Endowment supports research by individual scholars; long-term, complex projects carried out by teams of scholars; and focused, individual projects that draw upon the collections and expertise of leading humanities institutions and overseas research centers. The nature of humanities research is incremental. Thus, the scholarly impacts of NEH grants are often realized well after grant funds are spent. Awards made in FY 2015 by the Endowment in support of humanities research will help to shape the understanding of scholars and the larger public for years to come.

[Indicator 1] NEH Fellowships and Summer Stipends provide opportunities for individual scholars and teachers to undertake advanced research in the humanities. Since the first years of the Endowment, these programs have proven to be an effective and efficient means of supporting humanities research, resulting in the publication of nearly 8,400 books.

In 2012, the Endowment concluded a large-scale evaluation of the NEH Fellowships program, focusing on outcomes and impacts of awards made from 2002 through 2004. The data indicated that within seven years of the close of their grant periods, 96 percent of surveyed fellows reported publishing a book or article as a result of their grant, and over 70 percent of all awards resulted in major book-length publications. Awardees reported overwhelmingly that their grants allowed them the time to conduct deeper, more meaningful research than otherwise would have been the case and to write clearer, more widely accessible books and articles. In the coming year, the Research Programs division will complete an evaluation of the Summer Stipends program. This effort is already re-orienting the way the agency thinks about the grants it makes. By looking at awards made twenty years ago, the "arc" of scholarship and how ideas nurtured with NEH money get into larger circulation are becoming much clearer. A grant made in 1994, for example, likely came to print five or six years after the award. By examining citation indices, NEH staff members have been able to trace how these books are used by other scholars.

NEH-supported publications often win academic, scholarly, and literary prizes. In 2014, Ari Kelman's *A Misplaced Massacre: Struggling Over the Memory of Sand Creek* received the Bancroft Prize, generally recognized as the most prestigious award in the field of American history. Several other NEH-supported books received prizes during the year. The Modern Language Association (MLA), for example, awarded three of its prizes to books supported by NEH Fellowships. First, the MLA prize for best scholarly edition went to Thomas J. Heffernan

for his edition of *The Passion of Perpetua and Felicity*, a work in Latin that documented the imprisonment and martyrdom of St. Perpetua and St. Felicity and was widely used across medieval Europe to teach conduct. Second, MLA's Katherine Singer Kovacs Prize for outstanding book on Latin America was awarded to Joanna Rappaport for her study *Beyond the Lettered City: Indigenous Literacies in the Andes*, which examines how Andean peoples reacted to the colonial government's efforts to impose Spanish literacy. Finally, the MLA awarded the Aldo and Jeanne Scaglione Prize for outstanding study of French literature to Christopher Braider for *The Matter of Mind: Reason and Experience in the Age of Descartes*, which challenges the idea that Descartes' theories were widely influential in 17th-century France.

In 2015, as part of the Endowment's *The Common Good* initiative, a new Public Scholar Program was introduced to encourage scholars to write for a broad audience, provide easy access to humanities ideas, and make a lasting impact on public understanding. For example, independent scholar and former Pulitzer Prize winner Diane McWhorter will use her Public Scholar award to examine the life of Wernher von Braun, a leading designer of the Third Reich's V-2 missile, after he moved from Germany to Huntsville, Alabama. His story—at the intersection of the history of the Civil Rights struggle in Alabama, NASA, and the Cold War—will be published by Penguin.

[Indicator 2] Modern scholarly endeavors increasingly require the collaboration of many researchers working across a wide range of specialties or scholars working together in research centers and archives. The Endowment nurtures such collaborative efforts through three programs—Scholarly Editions and Translations, Collaborative Research, and Fellowship Programs at Independent Research Institutions.

Scholarly Editions and Translations grants support the preparation of important texts and documents of enduring value that otherwise would be relatively inaccessible to scholars and the public. Scholarly editions projects involve significant literary, philosophical, and historical materials, with the majority being in U.S. history and literature. Most are produced in print editions but increasingly also in a variety of digital formats. Recent grants have supported, for example, editions of the papers of such major historical figures as George Washington, Thomas Jefferson, Benjamin Franklin, Eleanor Roosevelt, Abraham Lincoln, Andrew Jackson, Jefferson Davis, Ulysses S. Grant, and Thomas Edison, and such literary and cultural figures as Ernest Hemingway, Willa Cather, William F. "Buffalo Bill" Cody, and Mark Twain.

Translation projects make important literary and historical material accessible to English-speaking scholars and readers. In FY 2015, for example, a grant to the University of Iowa is supporting the translation and editing of Don Fernando de Alva Ixtilxochitl's *History of Ancient Mexico*, a 150-page account of pre-Columbian and conquest-era Mexico written in the early 17th century. Ixtilxochitl descended from Aztec and Spanish parents and rose to a high position within the colonial government. Because of his Aztec background, he had unique access to historical accounts and lore covering periods before Europeans first came to the New World.

Collaborative Research grants support teams of researchers involved in a variety of large-scale domestic and international projects, including archaeological excavation and interpretation, scholarly conferences, and wide-ranging original and synthetic research that significantly adds to

our understanding of historical issues and cultural concerns. In 2015, for example, a grant to the University of Illinois, Urbana-Champaign, is supporting the efforts of a team of researchers to complete the analysis of, and enhance public and scholarly access to, artifacts from four related, 950-year-old settlements of North America's first metropolis: Cahokia in present-day Missouri. The project will produce the first synthetic history based on several excavation sites, paying special attention to how Cahokia's infrastructure sustained the city over hundreds of years.

[Indicator 3] The Fellowship Programs at Independent Research Institutions supports residential fellowships offered by U.S. research centers located at home and abroad, and fellowships awarded under the auspices of U.S. organizations that facilitate international research. Fellows at NEH-supported centers produce a wide range of published scholarship. For example, John Kasson, professor of history at the University of North Carolina-Chapel Hill, held an NEH-supported fellowship through the National Humanities Center. With his award, Kasson wrote *The Little Girl Who Fought the Great Depression: Shirley Temple and 1930s America*, a historical consideration of how the most famous, adored, imitated, and commodified child in the world astonished moviegoers, created a new international culture of celebrity, and revolutionized the role of children as consumers. Kasson uses the iconic Temple to better understand the relationship between Hollywood and those living through the Depression.

[Indicator 4] The Endowment long ago began encouraging applicants to harness the vast potential of advanced digital technology in the conduct and dissemination of their research. For example, a recent grant to the Virginia Foundation for the Humanities supports the use of database technology to re-create the political and social history of small cities in Virginia and Kentucky during the mid-19th century. Both states recorded the voice votes of citizens on local, state, and national elections, and the project's international team of collaborators are using voting records, tax records, and census data to understand why communities voted as they did.

[Indicator 5] The Endowment has forged a number of strategic partnerships that reinforce the impact of an NEH Fellowship. Currently, for example, NEH administers the evaluation of applications to the Library of Congress's John W. Kluge Fellows Program. This program provides stipends to junior scholars from the U.S. and abroad to conduct research in the Library's rich collections in the humanities. The Endowment also collaborates with the Japan-United States Friendship Commission to encourage American scholars' research on Japan and U.S.-Japan relations. Finally, the Endowment continues its multi-year funding partnership with the National Science Foundation in support of Documenting Endangered Languages, a program to provide NEH awards to scholars engaged in recording and preserving key languages before they become extinct.

[Indicator 6] As part of the agency's efforts to extend the reach of its grant opportunities, the Endowment offers Awards for Faculty at Historically Black Colleges and Universities, Hispanic-serving Institutions, and Tribal Colleges and Universities. The Awards for Faculty program provides flexible grants to better serve the unique needs of faculty members at these institutions who struggle to maintain their credentials as scholars while teaching under the most challenging conditions.

B: Strengthen teaching and learning in the humanities in elementary and secondary schools and institutions of higher education.

PERFORMANCE INDICATORS:

1) Provide professional development opportunities for teachers at all levels of the nation's educational system to renew and deepen their knowledge of the humanities.

- FY 2015: Support for 50/50 NEH summer seminars and institutes will enable 535/(535) college teachers and 535/(535) school teachers to revitalize their knowledge and teaching of the humanities. College teachers participating in seminars and institutes during the summer of 2016 will reach approximately 93,625/(93,625) students annually; school teacher participants will reach approximately 66,875/(66,875) annually.
- Support for 22/22 “Landmarks of American History and Culture” workshops to take place in the summer of 2018 would enable approximately 1,584/(1,584) school teachers to revitalize their knowledge and teaching of American history, particularly as it relates to the relationship between specific sites and the episodes in history, the writers, and/or the artists associated with that location. These teachers would annually reach approximately 198,000/(198,000) students.
- Support for 26/26 Enduring Questions projects is enabling faculty members to develop a new course at the undergraduate level to grapple with the most fundamental concerns of the humanities, and to join with their students in deep, sustained programs of reading in order to encounter influential thinkers over the centuries and into the present day. Each participating faculty member will conduct the newly created course at least twice, with each iteration reaching approximately 25 students.
- FY 2014: Support for 50/48 NEH summer seminars and institutes enabled 508/(511) college teachers and 517/(544) school teachers to revitalize their knowledge and teaching of the humanities. College teachers participating in seminars and institutes during the summer of 2015 will reach approximately 88,900/(89,425) students annually; school teacher participants would reach approximately 64,625/(68,000) annually.

Support for 18/21 “Landmarks of American History and Culture” workshops to take place in the summer of 2015 will enable approximately 1,296/(1,512) school teachers to revitalize their knowledge and teaching of American history, particularly as it relates to the relationship between specific sites and the episodes in history, the writers, and/or the artists associated with that location. These teachers will annually reach approximately 162,000/(189,000) students.

Support for 21/20 Enduring Questions projects will enable faculty members to develop a new course at the undergraduate level to grapple with the most fundamental concerns of the humanities, and to join with their students in deep, sustained

programs of reading in order to encounter influential thinkers over the centuries and into the present day. Each participating faculty member will conduct the newly created course at least twice, with each iteration reaching approximately 25 students.

- FY 2013: Support for ~~45~~**45** NEH summer seminars and institutes enabled ~~485~~**485** college teachers and ~~460~~**460** school teachers to revitalize their knowledge and teaching of the humanities. College teachers participating in seminars and institutes during the summer of 2014 will reach approximately 84,875/**84,875** students annually; school teacher participants will reach approximately 57,500/**57,500** students annually.

Support for ~~20~~**20** “Landmarks of American History and Culture” workshops during the summer of 2014 enabled approximately 1,600/**1,600** school teachers to revitalize their knowledge and teaching of American history, particularly as it relates to the relationship between specific sites and the episodes in history, the writers, and/or the artists associated with that location. These teachers will annually reach approximately 200,000/**200,000** students.

Support for ~~19~~**19** Enduring Questions projects enabled faculty members to develop a new course at the undergraduate level to grapple with the most fundamental concerns of the humanities, and to join with their students in deep, sustained programs of reading in order to encounter influential thinkers over the centuries and into the present day. Each participating faculty member will conduct the newly created course at least twice, with each iteration reaching approximately 25/**25** students.

- FY 2012: Support for ~~40~~**44** NEH summer seminars and institutes enabled ~~420~~**440** college teachers and ~~420~~**528** school teachers to revitalize their knowledge and teaching of the humanities. College teachers participating in seminars and institutes during the summer of 2013 are reaching approximately 73,500/**77,000**) students annually; school teacher participants reach approximately 52,500/**66,000**) students annually.

Support for ~~15~~**21** “Landmarks of American History and Culture” workshops during the summer of 2013 enabled approximately 1,200/**1,680** school teachers to revitalize their knowledge and teaching of American history, particularly as it relates to the relationship between specific sites and the episodes in history, the writers, and/or the artists associated with that location. These teachers annually reach approximately 150,000/**210,000** students.

“Landmarks of American History and Culture for Community College Faculty” workshops were discontinued in FY 2012. A new competition to better address the needs of this constituency was created in FY 2012.

Teaching Development Fellowships were discontinued in FY 2012 due to a shift in the agency’s educational programming priorities.

Support for 21/22 Enduring Questions projects enabled faculty members to develop a new course at the undergraduate level to grapple with the most fundamental concerns of the humanities, and to join with their students in deep, sustained programs of reading in order to encounter influential thinkers over the centuries and into the present day. Each participating faculty member will conduct the newly created course at least twice, with each iteration reaching approximately 25 students.

Picturing America School Collaboration Projects were discontinued in FY 2012 due to a shift in the agency's education programming priorities.

2) Strengthen efforts to enhance the availability and quality of humanities teaching and learning in the nation's community colleges, especially the study of diverse cultures and historical perspectives.

- FY 2015: Support for 3/3 NEH Bridging Cultures at Community Colleges projects are enabling community college faculty and administrators to participate in sustained programs of faculty and curriculum development. They will work with leading scholars to develop new curricula and courses, participating in a sustained program of study and guidance, exchanging ideas through digital technology, and will present products such as syllabi and research products at a concluding conference. Community college faculty participating in these projects will each reach approximately 190/(190) students annually.
- FY 2014: Support for 3/3 NEH Bridging Cultures at Community Colleges projects enabled community college faculty and administrators to participate in sustained programs of faculty and curriculum development. They will work with leading scholars to develop new curricula and courses, participating in a sustained program of study and guidance, exchanging ideas through digital technology, and will present products such as syllabi and research products at a concluding conference. Community college faculty participating in these projects will each reach approximately 190/(190) students annually.
- FY 2013: Support for 3/3 NEH Bridging Cultures at Community Colleges projects enabled community college faculty and administrators to participate in sustained programs of faculty and curriculum development. They worked with leading scholars to develop new curricula and courses, participated in a sustained program of study and guidance, exchanged ideas through digital technology, and presented products such as syllabi and research products at a concluding conference. Community college faculty who participated in these projects will reach approximately 23,128/**23,128** students annually.
- FY 2012: Support for 5/5 NEH Bridging Cultures at Community Colleges projects enabled community college faculty and administrators to participate in sustained programs of faculty and curriculum development. They worked with leading scholars to develop new curricula and courses, participated in a sustained program of study and guidance, exchanging ideas through digital technology, and presented products

such as syllabi and research products at a concluding conference. Community college faculty participating in these projects reach approximately 38,675/**38,675** students annually.

3) Support efforts of faculty at Historically Black Colleges and Universities, Hispanic-Serving Institutions, and Tribal Colleges and Universities to deepen their knowledge in the humanities and strengthen their humanities offerings.

- FY 2015: Humanities Initiatives at Presidentially Designated Institutions provided 9/9 grants to support faculty professional development activities for improvement in humanities instruction, as well as other capacity building activities at these institutions.
- FY 2014: Humanities Initiatives at Presidentially Designated Institutions provided 10/10 grants to support faculty professional development activities for improvement in humanities instruction, as well as other capacity building activities at these institutions.
- FY 2013: Humanities Initiatives at Presidentially Designated Institutions provided 8/10 grants to support faculty professional development activities for improvement in humanities instruction, as well as other capacity building activities at these institutions.
- FY 2012: Humanities Initiatives at Presidentially Designated Institutions provided 13/13 grants to support faculty professional development activities for improvement in humanities instruction, as well as other capacity building activities at these institutions.

4) Develop and support NEH's EDSITEment web portal as a means of enriching online teaching and learning resources available to teachers, students, and parents. (New indicator in FY 2015.)

- FY 2015: Special encouragement was provided for projects that will produce materials for inclusion on EDSITEment, the Endowment's nationally recognized website for K-12 teachers seeking rich humanities resources on the Internet.

ANALYSIS:

Availability of data. Because few of the above education projects supported by the Endowment during FY 2015 had concluded at the time this report was prepared, data are not yet available on the numbers of participating teachers and the numbers of students each teacher may be expected to affect annually. Most of the missing data on project outcomes will be supplied in the coming year as project personnel submit their regularly scheduled progress reports. We anticipate that we will be able to provide nearly complete data on the FY 2015 performance indicators in the FY 2016 PAR.

FY 2015 accomplishments.

[**Indicator 1**] NEH Summer Seminars and Institutes have for more than four decades been one of the nation's premier forms of professional development in the humanities for college and university teachers and elementary and secondary school teachers. NEH offers these teachers opportunities to pursue serious, substantive intellectual inquiry in fields such as history, foreign languages, literature, religion, philosophy, and government and civics. Working with distinguished scholars, participants deepen their knowledge of the subjects they teach and develop effective ways of bringing this understanding to their students.

NEH Summer Seminars enable sixteen participants to study for two to five weeks under the guidance of a senior scholar. The principal goal is to equip teachers with deep understanding of their subject areas, to engage them in scholarly research and discussion, and to improve their teaching. In Summer Institutes, participants undertake an intensive program of study with teams of humanities scholars who present a range of perspectives on a given topic. Well-suited to larger groups (as many as thirty in school-teacher projects or twenty-five in college-teacher projects), institutes also last from two to five weeks and are a particularly effective forum for foreign language immersion, which the Endowment specifically encourages, for breaking new ground in an emerging field, and for redirecting the teaching of various subjects in the undergraduate classroom.

NEH annually supports summer seminars and institutes on a wide range of topics in the humanities. During the summer of 2015, for example, among the projects offered were the following: a three-week seminar for college and university teachers on the history of U. S.-China political and cultural relations from the 1850s to the present; a three-week institute for college and university teachers on “Teaching the Reformation after Five Hundred Years”; a three-week seminar for school teachers on the history and impact of the 1918 Spanish Flu epidemic; and a four-week institute for school teachers examining the religions and cultures of Nepal, Kashmir, and Tibet.

Each year, the Endowment conducts a competition for supplemental support of up to \$10,000 for Seminar and Institute project directors to extend the reach, duration, and impact of their summer programs through digital means. A recent project extension, for example, awarded to history professor Richard Newman for his summer seminar “The Abolitionist Movement: Fighting Slavery from the American Revolution to the Civil War,” will develop an “Abolitionism App”—a free digital application for computers, phones, and mobile devices.

Each summer, participants in the Seminars and Institutes programs are asked to evaluate the project they attend. The collective evaluations for each project then become part of the assessment materials panelists consider when they review proposals by directors to conduct a subsequent seminar or institute. In 2015, the Endowment completed a report based on a systematic longitudinal evaluation of the measurable outcomes for the Seminars and Institutes for College and University Teachers program. As a result of this review, the Endowment plans to reserve spaces each summer for contingent faculty, who teach a high percentage of humanities classes at the college level; to lower the cap on the number of weeks for each project, giving

more teachers the opportunity to apply to participate in the programs; and to increase in the number of participants per program.

The Landmarks of American History and Culture program supports summer workshops to educate K-12 teachers in the use of historical and cultural sites in teaching central themes and topics in American history. The program also encourages staff at the sites to improve their professional development programs. Landmarks workshops are held at or near presidential residences and libraries, colonial-era settlements and missions, forts and battlefields, industrial centers, and sites associated with notable writers, architects, and artists. The workshops are academically rigorous, involve leading scholars, and help participants develop new teaching resources. Projects accommodate thirty-six teachers at one-week sessions, which are offered twice during the summer.

Enduring Questions Course Grants provide opportunities for higher educational institutions to design a new course for undergraduate teaching and learning that promotes engagement with fundamental issues in the humanities. The purpose of this program is to encourage faculty and students at the undergraduate level to grapple with important humanities issues and to join together in deep, sustained programs of reading in order to encounter influential thinkers over the centuries and into the present day. Enduring Questions are questions that have more than one plausible answer, such as: What is the good life? What is justice? What is freedom?

[Indicator 2] Beginning in 2012, the *Bridging Cultures at Community Colleges* program has offered encouragement and support for large scale, multi-year projects to strengthen the quality of teaching and learning in the humanities at community colleges. For example, in FY 2015 with a *Bridging Cultures at Community Colleges* award, Ivy Tech Community College of Indiana, in collaboration with Indiana University-Purdue University Indianapolis, conducted an exploration of contemporary religious traditions in the greater Indianapolis area. Fifteen Ivy Tech faculty members, over the course of two years, are studying five world religious traditions that reflect the changing demographics and religious diversity of the city: Jews from the former Soviet Union, Russia, and Ukraine; Spanish-speaking Roman Catholic Christians from Latin America; Muslims from West Africa; Hindus from India; and Buddhists from Vietnam.

[Indicator 3] Awards made in the Humanities Initiatives at Historically Black, Hispanic-Serving, and Tribal Colleges and Universities category may be used to enhance the humanities content of existing programs; to develop new humanities programs, such as foreign language programs, new humanities minors, first-year seminars, or summer bridge programs for high school students; to build ties among faculty at several institutions; and to take advantage of underused humanities resources, particularly as they pertain to the professions, such as medicine, law, business, or economics. Each project is organized around a core topic or set of themes.

In FY 2015, Morehouse College used its Humanities Initiatives award to incorporate primary documents from the Morehouse College Martin Luther King Jr. Collection into humanities teaching. Containing approximately 13,000 original items belonging to Dr. Martin Luther King, Jr., the collection is in the Atlanta University Center's Robert W. Woodruff Library. Angelo State University, a Hispanic-serving institution, in San Angelo, Texas, is using its award to explore the experience of war, as seen by soldiers and veterans from West Texas and their

families. With World War I and the wars in Afghanistan and Iraq as bookends, the project will examine how the experience of war has changed or remained the same over the course of a century. Haskell Indian Nations University in Lawrence, Kansas, is creating a summer bridge program for selected first-year students. The project will design a humanities-centered curriculum for the program, develop a Summer Bridge Student Manual to provide each student with all reading materials for the program, and conduct a four-week session for sixty students for each of two summers.

C: To preserve and increase the availability of cultural and intellectual resources essential to the American people.

PERFORMANCE INDICATORS:

1) Support is provided to preserve and create intellectual access to humanities collections and resources. Supported activities include digitizing collections; arranging and describing archival and manuscript collections; cataloging collections of printed works, photographs, recorded sound, moving image, art, and material culture; preservation reformatting; deacidification of collections; preserving and improving access to humanities resources in “born digital” form; creating research tools and reference works; and developing technical standards, best practices, and tools for preserving and enhancing access to humanities collections.

- FY 2015: *Twenty-seven/27* projects will preserve and/or provide access to *1,000/(1,000)* hours of recorded sound and video collections; *2,000/(2,000)* linear feet of archival documents; and *1,500,000/(1,500,000)* manuscripts, broadsides, oversize volumes, and other non-print materials.
- FY 2014: *Twenty-six/26* projects are preserving and/or providing access to *927/(927)* hours of recorded sound and video collections; *1,630/(1,630)* linear feet of archival documents; and *2,205,502/(2,205,502)* manuscripts, broadsides, oversize volumes, and other non-print materials.

Projects supported are helping *17/17* cultural institutions preserve and ensure continued access to their humanities collections institutions through preventive conservation measures.

- FY 2013: *Twenty-eight/28* projects are preserving and/or providing access to *44,464/(44,464)* sound and video collections; *1,106/(1,106)* linear feet of archival documents; and *1,757,598/(1,757,598)* manuscripts, broadsides, oversize volumes, and other non-print materials.

Projects supported are helping *18/17* cultural institutions preserve and ensure continued access to their humanities collections institutions through preventive conservation measures.

- FY 2012: *Twenty-five/25* projects are preserving and/or providing access to *3,305/(3,305)* hours of recorded sound and video collections; *2,393/(2,393)* linear feet

of archival documents; and 394,987/(394,987) manuscripts, broadsides, oversize volumes, and other non-print materials.

Projects supported are helping 20/18 cultural institutions preserve and ensure continued access to their humanities collections institutions through preventive conservation measures.

2) Work in partnership with other institutions, such as the Library of Congress, to digitize and make more accessible historic U.S. newspapers, including newspapers printed in languages other than English.

- FY 2015: Supported projects will digitize hundreds of thousands of microfilm pages of historic newspapers.
- FY 2014: Cooperative agreements are digitizing hundreds of thousands of microfilm pages of historic newspapers.
- FY 2013: Cooperative agreements are digitizing hundreds of thousands of microfilm pages of historic newspapers.
- FY 2012: Cooperative agreements are digitizing hundreds of thousands of microfilm pages of historic newspapers.

3) Support the creation of research tools and reference works of major importance to the humanities.

- FY 2015: Grants were made to 10/10 projects to begin or continue work on the preparation of dictionaries, atlases, encyclopedias, and textbases central to knowledge and understanding of the humanities.
- FY 2014: Grants were be made to 10/10 projects to begin or continue work on the preparation of dictionaries, atlases, encyclopedias, and textbases central to knowledge and understanding of the humanities.
- FY 2013: Grants were be made to 11/11 projects to begin or continue work on the preparation of dictionaries, atlases, encyclopedias, and textbases central to knowledge and understanding of the humanities.
- FY 2012: Grants were made to 11/11 projects to begin or continue work on the preparation of dictionaries, atlases, encyclopedias, and textbases central to knowledge and understanding of the humanities.

4) Work in partnership with the National Science Foundation to support projects to record, document, and archive endangered languages worldwide, with a special emphasis on endangered Native American languages. (New indicator in FY 2015.)

- FY 2015: *Four/4* projects were supported for the creation of tools—such as bilingual dictionaries, grammars, and text collections—that document languages threatened with extinction.

5) Support research that leads to new digital tools, technologies, national standards, best practices, and other methodologies for the preservation of collections and cultural resources.

- FY 2015: *Four/4* awards are supporting the creation of new digital tools, technologies, national standards, best practices, and other methodologies for the preservation of collections and cultural resources.
- FY 2014: Support was provided for 3/3 research and development projects concerned with standards and procedures.
- FY 2013: Support was provided for 3/3 research and development projects concerned with standards and procedures.
- FY 2012: Support was provided for 2/2 research and development projects concerned with standards and procedures.

6) Support the training of staff from the nation's cultural repositories in the appropriate procedures for preserving and enhancing access to humanities collections.

- FY 2015: *Four/4* awards were made for regional and national education programs that are providing training for 3,750/(3,750) people in U.S. museums, libraries, archives, and historical organizations.
- FY 2014: *Four/4* awards were made for regional and national education programs that are providing training for 309,226/(309,226) people in U.S. museums, libraries, archives, and historical organizations.
- FY 2013: *Eight/8* awards were made for regional and national education programs that are providing training for 552,485/**552,485** people in U.S. museums, libraries, archives, and historical organizations.
- FY 2012: Seven/7 awards were made for regional and national education programs that are providing training for 301,286/**301,286** people in U.S. museums, libraries, archives, and historical organizations.

7) Provide support for basic preservation activities to small and mid-sized libraries, archives, museums, and historical organizations.

- FY 2015: Projects supported are assisting in preserving collections at 80/**80** institutions in 32/**32** states. Approximately 35 percent of the awards will go to first-time NEH grantees.

- FY 2014: Projects supported are assisting in preserving collections at **70/70** institutions in **30/30** states. Approximately 20 percent of the awards will go to first-time NEH grantees.
- FY 2013: Projects supported are assisting in preserving collections at **72/72** institutions in 30 states and Puerto Rico. Forty-four percent of the awards have gone to first-time NEH grantees.
- FY 2012: Projects supported are assisting in preserving collections at **62/62** institutions in twenty-seven states and the District of Columbia. Thirty-four percent of the awards went to first-time NEH grantees.

ANALYSIS:

Availability of data. Accurate data on the performance of the preservation, access, research tools, and reference works projects that received NEH support during FY 2015 will be provided by the respective project directors in their regularly scheduled progress reports. To the extent partial data on FY 2015 activities are available, they are shown in parenthesis above. We expect to be able to report more complete FY 2015 data in the FY 2016 PAR.

FY 2015 accomplishments.

[Indicator 1] The Endowment’s Humanities Collections and Reference Resources program provides grants to projects that preserve and create intellectual access to collections that, because of their intellectual content or value as cultural artifacts, are considered highly important to the humanities. Grants support the digitization of collections to enhance their accessibility, as well as the creation of significant reference works. They also support preservation reformatting and de-acidification of humanities collections; arranging and describing archival and manuscript collections; and cataloging collections of printed works, photographs, recorded sound, moving images, and other materials important for humanities research and education.

Products generated through Humanities Collections and Reference Resources are used not just by scholars, but also by members of the general public. For the past ten years, for example, the American Antiquarian Society in Worcester, Massachusetts, with NEH support, has been digitizing its vast collection of pre-1825 American election returns gathered by researcher Philip Lampi. The result of these efforts—“A New Nation Votes”—is a Web portal through which election data for the 25 states that were part of the Union in 1825 can be freely accessed. In addition to professional scholars, genealogists, journalists, students, and amateur historians also use this free online resource.

The Endowment also encourages efforts to preserve and create access to significant humanities collections of sound recordings and moving images—an indispensable source of information on the history of the 20th century. In FY 2015, support was provided for a project at George

Washington University that is creating transcriptions linked to digital audio and moving image files of the radio addresses, television appearances, news interviews, and spoken word recordings of Eleanor Roosevelt.

A new grant subcategory, Humanities Collections and Reference Resources Foundations grants, supports the formative stages of planning, assessment, and pilot activities for initiatives to preserve and create access to humanities collections or to produce reference resources. In FY 2015, one such Foundations grant was made to Chapman University in Orange, California, to support a project that is digitizing a sampling of documents from the Andrew Carroll collection of war letters, an extraordinary assemblage of 90,000 pieces of wartime correspondence written by American military service men and women from the Revolutionary era to the present.

In FY 2015, the Endowment's Sustaining Cultural Heritage Collections program helped cultural repositories nationwide to ensure the preservation of books and manuscripts, photographs, sound recordings and moving images, archaeological and ethnographic artifacts, art, and historical objects. NEH support enabled institutions to implement preventive conservation measures—managing relative humidity, temperature, light, and pollutants in collection spaces; providing protective storage enclosures and systems for collections; and safeguarding collections from theft and from natural and man-made disasters—that slow deterioration and prevent catastrophic loss.

[Indicator 2] With digital technology, there is now a means of providing full-text searching of newspaper content. In pursuit of this objective, NEH and the Library of Congress signed a memorandum of understanding in 2004, renewed in 2009 and in 2014, establishing a partnership to create the National Digital Newspaper Program. Under the terms of this partnership, over a period of approximately twenty years the Endowment will provide grants to an institution or organization in each state and territory to digitize titles published between 1836 and 1922 and to prepare fully searchable files that the Library of Congress will maintain permanently online.

The National Digital Newspaper Program is a complex undertaking that will be implemented in successive phases. To date, the NEH has provided support under this grant category for thirty-six state projects, each of which is contributing approximately 300,000 pages of digitized newspapers. In FY 2015, NEH welcomed two new state partners: Delaware and Wisconsin. Thus far, ten million pages of historic American newspapers have been digitized through NDNP, with many millions more to follow. The selected pages, along with title essays and a directory of all newspapers published in the U.S. from 1690 to the present, are publicly accessible online through the *Chronicling America* website (<http://chroniclingamerica.loc.gov/>). Many projects are now also digitizing U.S. newspapers published in French, German, Italian, and Spanish, thus providing access to the nation's vibrant ethnic and immigrant press.

[Indicator 3] In FY 2015, the Humanities Collections and Reference Resources program provided support to continue work on the *History of Cartography*. Produced by an international group of scholars, this seminal reference resource includes maps and explanatory information covering most continents from prehistory through the 20th century. This most recent NEH award supports the writing, editing, design, and verification for volumes, in both print and digital form, pertaining to the history of mapmaking during the era of the European Enlightenment and the 19th century.

[Indicator 4] The Endowment supports the creation of tools—such as bilingual dictionaries, grammars, and text collections—that document languages threatened with extinction. Of the 6,000 to 7,000 currently spoken languages, at least 3,000 are endangered, including hundreds of American Indian languages, which are our highest priority. In 2005, NEH and the National Science Foundation established a joint, multi-year special initiative, “Documenting Endangered Languages,” to support linguistic projects that exploit digital technology. Grants support fieldwork and other activities relevant to recording, documenting, and archiving endangered languages, including the preparation of lexicons, grammars, text samples, audio recordings, and databases. For example, in FY 2015, Virginia’s College of William and Mary received support for a project to document Creek, an endangered Muscogean language, originally spoken in the southeastern United States and now spoken by the Muscogee (Creek) and Seminole nations in Oklahoma, and the Seminole tribe in Florida. Working with Creek speakers and Seminole tribal members in Oklahoma, and with students at a local college, the project will produce 24 hours of audiovisual recordings, transcriptions, and translations into English, allowing individuals to listen to recordings of spoken Creek for the first time.

[Indicator 5] Preservation and Access Research and Development awards support efforts to formulate new ways to preserve materials of critical importance to the nation’s cultural heritage—from fragile artifacts and manuscripts to analog recordings and digital assets subject to technological obsolescence—as well as to develop advanced modes of discovering and using such materials. Research and Development grants are helping, for example, to devise innovative ways to protect and slow the deterioration of humanities collections through the use of sustainable preservation strategies; develop technical standards, best practices, and tools for preserving humanities materials that are “born digital”; and ensure that collections of recorded sound and moving images that represent a major part of the record of the twentieth century will remain accessible to future generations.

[Indicator 6] Complementing the Endowment’s support for preserving and establishing access to a variety of cultural resources are its grants for projects to increase the ability of the nation’s libraries, archival repositories, and museums to care for their collections. NEH supports regional preservation field services to help ensure that smaller cultural institutions across the country receive the kind of advice and knowledge they need to preserve their collections; and NEH supports academic programs that train the next generation of conservators responsible for the protection of the nation’s cultural heritage in museums, libraries, and archives across the country. NEH has also helped museums, libraries, archives, and historical organizations improve their ability to plan and respond to disasters. For example, NEH is supporting the efforts of the Western States and Territories Preservation Assistance Service (WESTPAS) to help cultural repositories deal with floods, fire, earthquakes, and other disasters that could threaten their collections. A recent grant has enabled WESTPAS to provide a series of workshops and webinars on disaster planning for the staff of heritage institutions in eleven Western states and in the remote Pacific territories. Training sessions involve writing disaster plans, testing the plans to identify institutional vulnerabilities, and promoting networking to increase the effectiveness of disaster response. WESTPAS also offers free consultation to institutions with preservation needs, including 24/7 emergency phone and reference service.

[Indicator 7] Smaller cultural repositories constitute the large majority of collecting institutions in the United States. These organizations often lack the resources to address the preservation needs of their collections. The Endowment's Preservation Assistance Grants provide small and mid-sized libraries, archives, museums, and historical organizations with awards of up to \$6,000. Funds support on-site consultation by a preservation professional, enable staff to attend preservation training workshops, and help purchase preservation supplies and equipment. In the fifteen years since the program began, 1,803 grants have been made to institutions in all 50 states, the District of Columbia, Puerto Rico, and the Virgin Islands. More than 40 percent of these Preservation Assistance Grants represent a first award from the Endowment, good evidence that this grant program effectively reaches institutions not previously served by NEH.

D: To provide opportunities for Americans to engage in lifelong learning in the humanities.

PERFORMANCE INDICATORS:

1) Support efforts by museums and historical organizations to produce interpretive exhibitions and educational materials that convey significant humanities themes and topics.

- FY 2015: *Thirty/30* grants are supporting exhibitions, web-based programs, and other public education programs will employ various delivery mechanisms at museums and historical organizations across the country.
- FY 2014: *Thirty/30* exhibitions, reading, viewing, and discussion programs, web-based programs, and other public education programs will employ various delivery mechanisms at venues across the country.
- FY 2013: *Twenty-eight/28* exhibitions, reading, viewing, and discussion programs, web-based programs, and other public education programs will employ various delivery mechanisms at venues across the country.
- FY 2012: *Thirty-one/30* exhibitions, reading, viewing, and discussion programs, web-based programs, and other public education programs are employing various delivery mechanisms at venues across the country.

2) Support substantive documentary films, radio programs, and online media presentations that advance public understanding of the humanities and promote citizen engagement in consideration of humanities issues and themes.

- FY 2015: *Thirty/30* grants for television/radio projects will produce *105/105* broadcast hours and draw a cumulative audience of approximately *35.5/(35.5)* million people.
- FY 2014: *Thirty/30* television/radio projects will produce *105/(30)* broadcast hours and draw a cumulative audience of approximately *35.5/(35.5)* million people.

- FY 2013: *Twenty-eight/28* television/radio projects will produce 98/(98) broadcast hours and draw a cumulative audience of approximately 33/(33) million people.
- FY 2012: *Thirty/21* television/radio projects will produce 88/(88) broadcast hours and draw a cumulative audience of approximately 35/(35) million people.

3) Support high quality interpretative panel exhibitions and public programs that interpret the humanities at selected libraries, museums, and cultural organization across the nation through small grants.

- FY 2015: *Twenty-nine/29* grants were made to libraries, museums and cultural organizations that receive smaller versions of NEH-funded exhibitions through the NEH on the Road cooperative agreement to be used for additional public programming.
- FY 2014: *Twenty-nine/29* grants were made to museums that receive smaller versions of NEH-funded exhibitions through the NEH on the Road cooperative agreement to be used for additional public programming. *Twenty-five/25* grants were made through the American Library Association (ALA) for the exhibition project *Dust, Drought, and Dreams Gone Dry: A Traveling Exhibit* and 50 grants through an interagency agreement with the Smithsonian Institution to humanities organizations that are hosting the traveling exhibition, *Changing America*.
- FY 2013: *Twenty-eight/26* NEH on the Road grants were made to museums, and *115/232* Small Grants to Libraries were awarded. An additional **473** small grants were made through a Cooperative Agreement with the Gilder Lehrman Institute for venues that will host the “Created Equal” film programs; and *50/50* small grants are anticipated through an Interagency Agreement with the Smithsonian Institution, for venues that will host the “Changing America” exhibition.
- FY 2012: *Thirty/34* NEH on the Road grants were be made to museums, and *50/50* Small Grants to Libraries were awarded.

4) Support humanities projects that make creative use of new technologies to enhance the quality and reach of public humanities programming. (New indicator in FY 2015.)

- FY 2015: *Six/6* digital projects are producing online and mobile games and virtual environments, innovative interpretive websites, mobile applications, virtual tours, and other digital formats to engage citizens in thoughtful reflection on culture, identity, and history.

ANALYSIS:

Availability of data. The time that elapses between an initial NEH project grant and the appearance of a completed film, exhibition, or library program may extend from six months to many years. Most of the public programs that received NEH support during FY 2015 are

currently in development, and data for the associated performance indicators are not available, even in partial form. However, a more complete picture of the results of these projects will emerge cumulatively in subsequent editions of the NEH PAR. Increasingly, the Endowment's electronic Grants Management System (eGMS) database will facilitate the aggregation of data about the products, such as films and exhibitions that result from activities supported by specific NEH grants. Current and past grantees can now input data about such additional project outcomes journal articles, websites, documentary films, museum exhibitions, conferences, workshops, computer software, new buildings or equipment, and academic prizes, or about media coverage, such as a book review, newspaper article, or radio interview.

FY 2015 accomplishments. The Endowment supports activities that engage millions of Americans in the study and interpretation of significant humanities works, ideas, and events, providing opportunities for people to engage in lifelong learning in history, literature, comparative religion, philosophy, and other fields of the humanities.

[Indicator 1] The Endowment is a major source of support for substantive humanities programs in the nation's historical and cultural institutions, such as museums, libraries and archives, historic sites, and community centers. These projects include exhibitions of artistic, cultural, and historical artifacts; the interpretation of American historic sites; reading and film discussion series in the nation's libraries; lecture series; and other lifelong learning activities. Exhibitions supported by the Endowment also encourage civic engagement at museums in thousands of communities across the nation, connecting audiences to their community's heritage and to each other.

At any time, hundreds of NEH-sponsored exhibitions are on view at large and small museums and historical sites throughout the country, enabling Americans to learn more about their nation and the world through the humanities. An ambitious project at the Mystic Seaport Museum, for example, interprets the far-reaching economic and cultural impact of whaling in the nineteenth century. In addition to a 4,000-square-foot exhibition about the country's whaling heritage that opened in 2015, the museum sailed a historic 170-year-old whaling vessel—the Charles W. Morgan—to ports along the New England coastline. The voyage of the Charles W. Morgan was greeted by more than 64,000 visitors who attended cultural festivals, lectures, and public programs about the whaling industry, and the museum received a prestigious “Leadership in History” award from the American Association of State and Local History for the voyage project.

Created Equal: America's Civil Rights Struggle, an Endowment initiative, encourages public conversations about the changing meanings of race, equality, and freedom in American civic life. Launched in 2013 to coincide with the 150th anniversary of the Emancipation Proclamation, *Created Equal* provided a packaged set of NEH-funded films on Civil Rights history to 473 communities across the nation. Five powerful documentary films (*The Abolitionists*, *Slavery by Another Name*, *Freedom Riders*, *The Loving Story*, and *Freedom Summer*) are accompanied by a website (www.createdequal.neh.gov) offering curriculum resources for teachers as well as guides for community discussions. As part of the *Created Equal* project, a traveling Smithsonian exhibition, *Changing America: The Emancipation Proclamation, 1863 and The March on Washington, 1963* opened in February 2014 in Peoria, Illinois and Yanceyville, North Carolina.

The exhibition is now traveling to fifty museum and public library venues across the nation. Small grants from NEH are supporting scholar-led public discussions at the exhibition sites.

An audience survey is being piloted at each of the 473 sites conducting film screenings as part of the *Created Equal* project. Audience surveys and detailed final reports gathered from 207 *Created Equal* sites so far indicate that the program has had a significant impact in five specific ways: the programs deepen public understanding of Civil Rights history; provide a safe and respectful forum where difficult discussions of race in America can take place; cultivate new audiences for humanities programming across the nation; bring communities together across racial lines and across generations; and change attitudes, prompting many participants to re-examine their assumptions about race, freedom, and equality.

Many of the Endowment's projects in museums and libraries have made a profound difference in vulnerable communities—for example, discussion programs for incarcerated teens; family reading programs that help break the cycle of illiteracy by encouraging parents and children to read together; and museum exhibits that involve senior citizens in cross-generational dialogues. NEH support enables museums, libraries, and cultural organizations to reach underserved groups and to engage them in thoughtful consideration of humanities ideas. The New York Botanical Garden's exhibition *Emily Dickinson's Garden*, for example, was accompanied by workshops for teachers in the Bronx focused on teaching literacy through poems. For both the *Emily Dickinson* project and another NEH-funded exhibition exploring the central role of plants in the art of Mexican painter Frida Kahlo, the Garden committed to extensive outreach to underserved students in forty-nine local schools.

The Endowment is in the final year of a multi-year study to collect data on the reach and impact of NEH-funded public humanities projects. Approximately half of funded projects currently engage in formal or informal evaluation. Many recipients of NEH planning grants, for example, use a portion of their planning funds to support front-end or formative evaluation, which museums typically employ to help shape the content and interpretive strategies of an exhibition. The Endowment's application guidelines now require an evaluation plan of all grantees.

[Indicator 2] NEH supports media projects—principally film documentaries and radio series—that explore significant figures and events in the humanities and examine the history and culture of America and other nations. The Endowment also encourages creative approaches—especially those that use new digital technologies—that expand the content and reach of television and radio programs in the humanities. To ensure that humanities themes and questions are well conceived, the agency requires that projects draw their content from humanities scholarship and use a team of scholars who are knowledgeable in the subject matter and represent diverse perspectives and approaches.

When PBS broadcast *The Roosevelts: An Intimate History*, the seven-part, 14-hour documentary directed by Ken Burns, more than 33 million viewers tuned in to watch the series. Endowment-supported media projects continue to garner national recognition and awards for excellence. Among the projects honored with Peabody Awards in 2015 were two outstanding NEH-funded presentations—the film [*Freedom Summer*](#) and the radio program [*AfroPop Worldwide*](#). *Freedom Summer*—produced for PBS's *American Experience* series—uses archival film footage and new

interviews to tell the story of the pivotal civil rights campaign of 1964. *AfroPop Worldwide*, a weekly, hour-long program and website (afropop.org), received a Peabody Institutional Award for its “pioneering role in the world music movement.” The program, broadcasting continuously since 1988, examines the music and culture of the African diaspora through a rich mix of in-the-field interviews, musical performances, and scholarly commentary.

The *Bridging Cultures* through Film: International Topics program, launched in 2010, provides support for documentaries that examine a critical issue in ethics, religion, or politics through an international lens; the life of a world leader, writer, or historical figure; or the history and culture of a specific region of the world. *Women, War and Peace: I Came to Testify*, the first *Bridging Cultures* through Film project to be broadcast, examined the impact on women of ethnic violence in the Balkans, documenting the first international tribunal to define sexual violence as a war crime. The initial broadcast reached over 3.6 million viewers, and the website and social media campaigns continue to deeply engage audiences across the nation.

Endowment-supported radio programs explore the lives of important individuals, historical events, and ideas. Recent projects include *The World in Words*, a weekly feature on Public Radio International, which discusses the ways that language shapes culture, history and politics. Reaching 2.7 million listeners per week and with 40,000 downloads each month, the program examines a wide range of topics related to language and meaning around the globe.

[Indicator 3] The Endowment is committed to extending the reach of high quality educational exhibitions to audiences throughout the country. To achieve this objective, the agency has for many years supported a program of small traveling exhibitions, delivering content-rich exhibitions and accompanying educational programs to more than 2,000 communities nationwide. The exhibitions include *Lincoln: The Constitution and the Civil War*, developed by the National Constitution Center. The Endowment administers these small grants as part of a single, larger block grant to a sponsoring organization, such as the National Constitution Center or the American Library Association, which have the resources to design and fabricate exhibitions and manage a multi-year, nationwide tour.

Another small grant program, NEH on the Road, circulates scaled-down versions of previously funded exhibitions to mid-sized museums throughout the country. The program extends the life of funded exhibitions by several years and also brings excellent humanities projects to rural and underserved regions of the nation. NEH provides support to each host site, awarding small grants of \$1,000 for local public programming and scholarly activities. NEH is particularly interested in reaching museums that have annual operating budgets of between \$250,000 and \$1,000,000 and are located in communities of fewer than 300,000 people.

[Indicator 4] *Digital Projects for the Public* grants, supports the development of games, mobile applications, and other interactive platforms provide of opportunities for public engagement with humanities content. *Walden*, a unique video game based on the writing of Henry David Thoreau, creates an immersive environment where players walk in the virtual footsteps of Thoreau, read excerpts from his journals, and experience the physical and visual details of his 1845 experiment in self-reliance. Designed by the Game Innovation Lab at the University of Southern California,

the gameplay deftly weaves together primary sources, such as the writing of Thoreau and his contemporaries, and soundscapes of the Walden Pond environment.

E: Maintain and strengthen partnerships with the state humanities councils.

PERFORMANCE INDICATORS:

1) Support state council efforts to develop locally initiated humanities programs for the people in each state.

- FY 2015: Support for the programs and operations of the state humanities councils is making possible high quality locally initiated humanities programs throughout the nation, including 4,000/(4,000) reading and discussion programs, 625/(625) exhibitions, 1,100/(1,100) literacy programs, 1,100/(1,100) speakers bureau presentations, 775/(725) teacher institutes and workshops, 1,375/(1,375) conferences and symposia, 400/(400) Chautauqua events, 3,250/(3,250) media program events, 400/(400) technology projects, 188/(188) preservation projects and 1,350/(1,350) local history projects.
- FY 2014: Support for the programs and operations of 56 state humanities councils will make possible high quality state and local humanities projects throughout the nation, including 17,900/(17,900) reading and discussion programs, 2,500/(2,500) exhibitions, 5,200/(5,200) literacy programs, 4,200/(4,200) speakers bureau presentations, 3,000/(3,000) teacher institutes and workshops, 5,700/(5,700) conferences and symposia, 1,850/(1,850) Chautauqua events, 6,000/(6,000) media program events, 1,500/(15,000) technology projects, 790/(790) preservation projects and 5,000/(5,000) local history projects.
- FY 2013: Support for the programs and operations of 56 state humanities councils will make possible high quality state and local humanities projects throughout the nation, including 15,900/**15,900** reading and discussion programs, 2,200/**2,200** exhibitions, 6,100/**6,100** literacy programs, 3,800/**3,800** speakers bureau presentations, 2,500/**2,500** teacher institutes and workshops, 5,100/**5,100** conferences and symposia, 1,760/**1,760** Chautauqua events, 22,700/**22,700** media program events, 1,240/**1,240** technology projects, 700/**700** preservation projects and 4,900/**4,900** local history projects.
- FY 2012: Support for the programs and operations of 56 state humanities councils made possible high quality state and local humanities projects throughout the nation, including 16,600/**16,600** reading and discussion programs, 2,000/**2,000** exhibitions, 5,500/**5,500** literacy programs, 3,600/**3,600** speakers bureau presentations, 3,500/**3,500** teacher institutes and workshops, 2,700/**2,700** conferences and symposia, 1,800/**1,800** Chautauqua events, 7,600/**7,600** media program events, 600/**600** technology projects, 650/**650** preservation projects and 3,500/**3,500** local history projects.

2) Encourage high quality council-conducted humanities programs in the various states. (New indicator in FY 2015.)

- FY 2015: Support for the programs and operations of the state humanities councils is making possible high quality council-conducted humanities programs throughout the nation, including 12,000/(12,000) reading and discussion programs, 1,875/(1,875) exhibitions, 3,300/(3,300) literacy programs, 3,300/3,000 speakers bureau presentations, 2,325/(2,325) teacher institutes and workshops, 4,125/(4,125) conferences and symposia, 1,200/(1,200) Chautauqua events, 9,750/(9,750) media program events, 1,200/(1,200) technology projects, 562/(562) preservation projects and 4,050/(4,050) local history projects.

3) Encourage state humanities councils in their efforts to create and support humanities-rich websites and digital projects. (New indicator in FY 2015.)

- FY 2015: Support for the programs and operations of the state humanities councils is making possible 1,000/(1,000) high technology projects.

4) Support state humanities councils in ongoing collaborations with colleges and universities, museums, libraries, historical societies, and other institutions.

- FY 2015: *Five/(5)* thousand collaborations with colleges and universities, museums, libraries, historical societies, and other institutions are being conducted.

5) Recognize and encourage council activities that promote civil discussion, particularly of issues that divide Americans. (New indicator in FY 2015.)

- FY 2015: *Five/(5)* thousand programs to promote civil discussion will be conducted.

ANALYSIS:

Availability of data. The above performance data about programmatic activities undertaken by the state humanities councils as a result of funding awarded by the Endowment in FY 2015 are preliminary. Final data will be provided by the councils via a newly instituted electronic submission system.

FY 2015 accomplishments. State humanities councils are nonprofit 501(c)(3) organizations governed by volunteer boards of directors. They operate in each of the fifty states as well as in the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, the Commonwealth of the Northern Mariana Islands, and Amerika Samoa. The councils were established to fulfill the requirement in the agency's enabling legislation—National Foundation on the Arts and the Humanities Act of 1965, as amended—that the Endowment support humanities programs “in each of the several states.”

State councils receive funds each year from the NEH appropriation according to a statutory formula. In accordance with the federal mandate, every NEH dollar that a council receives is matched by local contributions of cash, goods, or services. In recent years councils annually attracted nonfederal contributions well in excess of the required 1:1 match. State humanities councils may grant a portion of their funds on a competitive basis to locally initiated programs; they may also develop and carry out their own programs. In their grant making role, they act as foundations from which eligible organizations and individuals seek funding; in their program-generating role, they are nonprofit service providers drawing on their own resources and looking to the public to support the benefits they offer.

The councils support thousands of humanities projects and programs every year that reach millions of Americans in rural areas, urban neighborhoods, and suburban communities. With funds provided through the NEH Federal/Partnership, the councils support reading and discussion programs for children, families, and the newly literate that take place in libraries and other civic places; state and local book festivals, as well as the participation of a number of councils in the annual National Book Festival sponsored by the Library of Congress's Center for the Book; educational institutes and seminars for elementary and secondary school teachers; scholarship on state and local history and culture, such as comprehensive online state encyclopedias; exhibitions at museums, libraries, and historical sites; and radio, television, and film projects on humanities themes. They carry out an increasing amount of programming and communications electronically, using websites, electronic newsletters, social networking, podcasting, and RSS feeds. A number of councils also post videos on the popular YouTube website.

[Indicator 1] Schools, libraries, historical societies, museums, literacy programs, filmmakers, teachers, researchers, writers, and storytellers are among the many types of individuals and cultural organizations whose efforts the state humanities councils support. Councils also successfully collaborate with other partners to bring the humanities to a wide range of community activities, especially in the areas of public policy, literacy, and social service. Indeed, one of the ways councils expand their spheres of inclusion and influence is through partnerships with public and private institutions and organizations. Councils routinely collaborate, for example, with businesses, educational institutions, museums, community leadership groups, state libraries, historical societies, local government archives, farm bureaus, and state fairs.

[Indicator 2] Examples of council-conducted programs focused on veterans include the Talking Service Program, a reading and discussion program that allows veterans to reflect on their service as well as the challenges and opportunities of transitioning from active duty to civilian life. Together with the Great Books Foundation, the New York Council gained permissions to reprint numerous excerpts of war-themed literature, ranging from notable classics like Tim O'Brien's *The Things They Carried* to acclaimed work by more recent veterans, including National Book Award Winner Phil Klay, award-winning poet Brian Turner, and purple-heart recipient Benjamin Bush. The collection, *Standing Down: From Warrior to Civilian*, is proving to be invaluable psychological and intellectual "equipment" for veterans. The councils in Florida, Georgia, Kentucky, Montana, New Mexico, New York, Tennessee, Virginia, and Washington are now sponsoring Talking Service programs. In addition, NEH awarded the Maine Humanities

Council \$150,000 to expand its Literature & Medicine for Veterans program, which is working directly with officials of the Department of Veterans Affairs to support small-group veteran reading and discussion programs at VA facilities. Humanities councils in Alaska, Alabama, Arizona, California, Illinois, Indiana, Maine, Maryland, North Carolina, Oregon, South Dakota, Vermont, and Wyoming are also participating in this program.

[Indicator 3] The state councils are aggressively exploiting the new digital media to deliver humanities-rich programs to a broad public in the communities where they live. The Kansas Humanities Council, for example, recently co-hosted two days of interviews for the national oral history project “StoryCorps,” and created “Shared Stories of the Civil War,” which presents scripts about events in Kansas that can be followed on Twitter. The Rhode Island Council for the Humanities launched its pilot Rhode Tour historic tourism smartphone app in collaboration with Brown University, and Humanities Nebraska provides information about its annual Chautauqua program by means of a free smartphone app.

[Indicator 4] Schools, libraries, historical societies, museums, literacy programs, filmmakers, teachers, researchers, writers, and storytellers are among the many types of individuals and cultural organizations with which the state humanities councils work. Councils also successfully collaborate with other partners to bring the humanities to a wide range of community activities, especially in the areas of public policy, literacy, and social service. Indeed, one of the ways councils expand their spheres of inclusion and influence is through partnerships with public and private institutions and organizations. Councils routinely collaborate, for example, with businesses, educational institutions, museums, community leadership groups, state libraries, historical societies, local government archives, farm bureaus, and state fairs. By leveraging the strength of their partnership with the NEH, state councils gain both material support and additional partnership opportunities at the local level—all in the service of bringing funds, resources, expertise, networks, and leadership to the communities and organizations they serve.

[Indicator 5] State-based humanities councils strengthen the bonds of community by making it possible for citizens to come together in neutral surroundings to address such issues as the economy, healthcare, demographics, energy, and education through discussions informed by history and literature. These in-depth explorations of critical and potentially divisive issues not only encourage citizens to be more thoughtful and better informed. They also increase citizen engagement in public life and bring people together to work toward common goals in shaping the future of their community and nation. Several councils host programs in restaurants, cafes, and bars that attract a younger demographic to participate in scholar-led discussions about such important topics as marriage and family life (Oregon), African-Americans and American Indians in film (Washington), the intricacies of living in a networked world (Maine), and dialects and vocabulary in Washington, DC. These programs are vitally important to strengthening communities and fostering understanding. In that way, they are related to one of the most successful programs in NEH history, Prime Time Family Reading Time, begun in 1991 by the Louisiana Endowment for the Humanities. Prime Time, which continues to thrive and spread across the country, is an award-winning program that has produced substantial improvements in literacy and student achievement. The significant humanities impact of Prime Time is measurable in terms of student outcomes (as shown in the 10-year longitudinal study, “Stemming

the Tide of Intergenerational Illiteracy,” published in 2010), but its impact in terms of strengthening communal and familial bonds is inestimable.

F: Provide a focal point for development of the digital humanities.

PERFORMANCE INDICATORS:

1) Provide national leadership in spurring innovation and best practices in the digital humanities. (New indicator in FY 2015.)

- FY 2015: *Twenty/20* Digital Start-Up projects and *6/6* Digital Implementation projects are setting the pace for innovation within humanities research and education. These projects will receive extensive media coverage and have a national and international impact on how new scholarship is conducted.

2) Encourage and support innovative digital projects and programs that will enhance the way humanities research is conducted and the way the humanities are studied, taught, and presented in the United States. (New indicator in FY 2015.)

- FY 2015: *Five/5* national summer institutes training American scholars on digital methods for humanities research were supported. These methods, including geospatial analysis, data mining, sound analysis, information retrieval and visualization, and others, will lead to new research across humanities domains.

ANALYSIS:

Availability of data. Accurate data on the performance of the digital humanities projects that received NEH support during FY 2015 will be provided by the respective project directors in their regularly scheduled progress reports. To the extent partial data on FY 2015 activities are available, they are shown in parenthesis above. We expect to be able to report more complete FY 2015 data in the FY 2016 PAR.

FY 2015 accomplishments. The Office of Digital Humanities fosters the development of world-class, leading-edge research and education in the emerging field of digital humanities. In a world that is increasingly reliant upon digital technology, computationally intensive research methods have become critically important to the humanities, as well as many other disciplines.

[Indicator 1] Digital Start-Up Grants is a “seed grant” program that is designed to spur innovative research and education projects in the digital humanities. The program takes a “high risk/high reward” approach, trying to identify exciting new research by American scholars, universities, libraries, archives, or non-profits that use technology in an innovative way. These small grants (ranging from \$40,000 to a maximum of \$75,000) result in plans, prototypes, or demonstration models for long-term digital humanities projects.

Between 1935 and 1945, in a project sponsored by the United States Farm Security Administration and the Office of War Information, over 170,000 photos were taken documenting life across the United States. This extensive collection is currently housed at the Library of Congress. With funding from NEH, scholars at Yale University have created Photogrammar, a website that allows the public to view this entire collection using maps to geolocate the photos to the towns where they were taken. Teachers and the public have embraced the site, using it to learn about the history of their home towns.

The Digital Humanities Implementation Grants program targets projects that have already demonstrated a successful beginning phase and that have a clear plan for moving towards full implementation. The program offers larger grants than the Start-Up Grants program to enable projects to develop fully and have maximum impact on the field. While many of the applicants are former Start-Up grantees, the program is also open to other researchers who have successfully completed initial planning phases of their project. For example, scholars from the University of Illinois, Northeastern University, and Rice University, with NEH funding, are developing the HathiTrust + Bookworm project. Bookworm is a new interface into the HathiTrust digital library, a partnership of over 60 research libraries that currently has over 10 million volumes in its collection, making it one of the largest digital libraries in the world. It will allow students, teachers, scholars, and the private sector to do unprecedented research using this collection.

[Indicator 2] The Institutes for Advanced Topics in the Digital Humanities program encourages the sharing of best technology practices among humanities scholars. The program sponsors training workshops that allow scholars to learn about these new, advanced technologies, tools, and techniques in the digital humanities.

NEH has begun an evaluation of the impact of the Institutes for Advanced Topics in the Digital Humanities program. We are conducting extensive interviews with attendees of these institutes to see how the training impacted their research and their careers. This evaluation, due to be completed in 2016, will help to identify strengths and weaknesses of the program and illuminate gap areas that need more funding in future rounds of the program.

Today's cutting-edge archaeology involves digital methods not only for selecting dig sites, but for collecting, sharing, and preserving dig data. In 2015, a team led by Michigan State University hosted the twelve-day, NEH-sponsored, Institute on Digital Archaeology Method & Practice. The institute provided in-depth training to 20 archaeologists on the latest digital methods and best practices in the field. Attendees included archeologists from the academic, public, and private sectors and the hands-on training was be done by a group of internationally recognized experts.

G: Strengthen the institutional base of the humanities through financial incentives provided by matching challenge grants.

PERFORMANCE INDICATORS:

1) Encourage cultural and educational institutions to engage in long-range planning in order to strengthen their humanities programs intellectually and financially.

- FY 2015: *Twenty-two/22* cultural and educational institution are engaging in long-range planning with the encouragement of an NEH Challenge Grant.

2) Encourage efforts of cultural and educational institutions to attract and increase nonfederal contributions to their humanities resources and activities.

- FY 2015: By FY 2019, NEH Challenge Grants awarded in FY 2015 will generate more than \$32/(\$32) million in nonfederal donations to recipient institutions in support of their humanities activities.
- FY 2014: By FY 2018, NEH Challenge Grants awarded in FY 2014 will generate more than \$20/(\$20) million in nonfederal donations to recipient institutions in support of their humanities activities.
- FY 2013: By FY 2017, NEH Challenge Grants awarded in FY 2013 will generate more than \$30/(\$30) million in nonfederal donations to recipient institutions in support of their humanities activities.
- FY 2012: By FY 2016, NEH Challenge Grants awarded in FY 2012 will generate more than \$28/(\$28) million in nonfederal donations to recipient institutions in support of their humanities activities.

3) Support the efforts of cultural and educational institutions to use digital technologies, where appropriate, in their humanities activities. (New indicator in FY 2015.)

- FY 2015: The efforts of cultural and educational institutions to use digital technologies will be encouraged.

4) Encourage Historically Black Colleges and Universities, Hispanic-Serving Institutions, Tribal Colleges and Universities, and two-year colleges to take advantage of special Challenge grant opportunities designed with these institutions in mind. (New indicator in FY 2015.)

- *Two/2* Challenge Grants were awarded to Presidentially-designated minority-serving institutions and two-year colleges. When completed, these challenges will leverage \$2/(2) million in third-party support for these vital institutions.

ANALYSIS:

Availability of data. By FY 2019, NEH Challenge Grants awarded in FY 2015 will generate more than \$32 million in nonfederal donations to recipient institutions in support of their humanities activities. Challenge Grants are designed to encourage humanities organizations to

undertake a capital fund-raising campaign. Because such campaigns may require years to reach their goal, the sums above represent a snapshot of current progress toward the recipients' multi-year fund-raising goals.

FY 2015 accomplishments. [Indicator 1] Successful challenge grants reflect careful strategic planning for the long-term strength of the humanities, including taking advantage of the leveraging power of NEH awards. An \$800,000 challenge grant (to match \$3.2 million in nonfederal funds) to the University of Notre Dame has had a similar effect. In addition to helping secure a sizable first-time gift of \$800,000 for the university's Byzantine Studies program from a private international philanthropic organization, the challenge grant served to broaden Notre Dame's donor base, especially with extending it to the Greek-American community in particular. Members of the university's development staff and faculty have built relationships with the Chicago Greek community to create awareness of Byzantine scholarship and to cultivate future support. A public lecture celebrating Notre Dame's program in Byzantine Studies, delivered by a professor of liturgy from the Ecclesiastical Academy of Athens, attracted prominent members of Chicago's Greek community, including the bishop of the Greek Orthodox Metropolis of Chicago and Greece's consul general to the city.

[Indicator 2] No other type of grant, whether from the NEH itself or from a major foundation, leverages as much in private, nonfederal donations to the humanities as does the NEH Challenge Grants program. Since its inception in 1977, Challenge Grants from NEH have generated more than \$2 billion in nonfederal funds for the humanities. (Adjusted for inflation, the amount generated equals more than \$4 billion.) Crucial to achieving the program's goals is the "multiplier effect." Recipients of a challenge grant must typically match every federal dollar with three nonfederal dollars in gifts to the grantee.

[Indicator 3] In FY 2015, NEH Challenge Grants provided support for the institutional capacity that makes sustained use of advanced technology possible. For example, NEH awarded the University of Nebraska \$500,000 (to match \$1.5 million in nonfederal funds) for the Center for Digital Research in the Humanities (CDRH). The Center digital research projects, creates archives and digital databases, and provides venues for training and experimentation in digital humanities. Giving leveraged by an NEH Challenge Grant have underwritten an endowment for CDRH's mentoring and training programs, which include graduate student research assistantships, summer internships for students from outside the University of Nebraska, post-doctoral fellowships for research at the center, and expanded versions of the well-regarded Nebraska Digital Workshops. CDRH has sponsored a variety of major digital projects and archives, including the *Walt Whitman Archive* (also supported by an NEH Challenge Grant), the *Willa Cather Archive*, the *Omaha Indian Heritage* site, *Railroads and the Making of Modern America*, and the *Journals of the Lewis and Clark Expedition Online*, among others.

[Indicator 4] Minnesota's Leech Lake Tribal College is using its Challenge Grant to construct a new library for the college, including an archive for Ojibwe cultural artifacts. Chartered by the Leech Lake Band of Ojibwe, Leech Lake Tribal College, has an annual enrollment ranges from 225-250 students, of which approximately 90% are Native American. The current college library measures a mere 950 square feet, a limitation that means that more than 1,500 items

owned by the library—or 20% of its current collection—must stay in permanent storage. The college proposes to construct a new 10,000 square-foot library, thereby tripling available shelf space, creating appropriate climate-controlled archival space, and making room for small group presentations that will focus on topics related to Ojibwe language and culture.

H: Stimulate third-party support for humanities projects and programs.

PERFORMANCE INDICATORS:

1) Encourage and support efforts of educational and cultural organizations to secure nonfederal sources of funding in support of humanities projects and programs. (New indicator in FY 2015.)

- FY 2015: Fund-raising by recipients of an NEH matching award generated more than ~~\$2.4~~/**2.3** million in third-party support for humanities projects.

2) Leverage the private sector contributions of the nation's businesses, foundations, and philanthropic-minded individuals on behalf of humanities projects and programs. (New indicator in FY 2015.)

- FY 2015: NEH partnerships with the private-sector will generate support for exemplary activities in the humanities.

ANALYSIS:

Availability of data. As a condition of their award, recipients of an NEH matching or Challenge grant must provide this agency regular reports as to the progress of their fund-raising efforts. As well, NEH collaborates closely with its partner organizations in public/private efforts such as those described below. The terms of this information sharing relationship are stipulated in a formal cooperative agreement.

FY 2015 accomplishments.

[Indicator 1] Fund-raising by recipients of an NEH matching award generated more than \$2.34 million in third-party support for discrete humanities projects. Recipients of an NEH Challenge Grant leveraged an additional \$37 million in nonfederal donations in support of the long-term institutional goals of humanities organizations.

[Indicator 2] NEH has entered into formal partnership arrangements with several of its fellow agencies and with private foundations in order to collaborate on specific projects. Currently, the NEH administers the review and evaluation of applications to the Library of Congress's John W.

Kluge Fellows Program, which provides stipends to junior scholars from the U.S. and abroad to conduct research in the Library's humanities collections; and, in collaboration with the Japan-United States Friendship Commission, it conducts the evaluation of applications and serves as fiscal agent for a program to encourage American scholars' research on Japan. The Endowment maintains "Cultural Diplomacy" partnerships that include an ongoing series of academic conferences, co-sponsored by the Ministry of Culture of the People's Republic of China, that bring together Chinese and American scholars to discuss common interests in the humanities, and a joint grant program with the German Research Foundation (Deutsche Forschungsgemeinschaft e.V., DFG) to develop and implement digital infrastructures and services for humanities research.

NEH is also cooperating with the Arts and Humanities Research Council, the Economic and Social Research Council, and the Joint Information Systems Committee of the United Kingdom; the Netherlands Organization for Scientific Research; and the Social Sciences and Humanities Research Council of Canada—as well as the Institute for Museum and Library Services and the National Science Foundation in the United States—in the Digging into Data Challenge, a jointly sponsored grant program supporting the development of new research methods in the digital humanities.

The Endowment has entered into two other federal partnerships in conjunction with agency-wide initiatives. NEH and the Library of Congress signed a memorandum of understanding establishing a partnership to create the National Digital Newspaper Program. Over a period of approximately 20 years, the Endowment will provide grants to institutions and organizations in each state of the nation to digitize titles published between 1836 and 1922 and to prepare fully searchable files that the Library of Congress will permanently maintain on the World Wide Web. And, the Endowment continues its multi-year funding partnership with the National Science Foundation in support of Documenting Endangered Languages, a program to provide NEH awards to scholars engaged in recording and preserving key languages before they become extinct.

The Endowment has also been alert to opportunities to pool NEH and private-sector resources in ways that make the most of each. One noteworthy example of this collaboration is EDSITEment, a nationally recognized destination for teachers seeking rich humanities resources on the Internet. For many years, the Endowment has partnered with the Verizon Foundation to create a nationally recognized website for teachers seeking rich humanities resources on the Internet. The website, EDSITEment, now contains over 500 scholar- and teacher-developed lesson plans for the K-12 classroom and links to more than 400 peer-reviewed sites selected for their high quality humanities content and interactive design. More than 2,700,000 visitors—teachers, students, and parents—avail themselves of EDSITEment's rich resources each year.

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III. FINANCIAL INFORMATION

A Message from the Director of the Accounting Office

On behalf of the National Endowment for the Humanities (Endowment), it is my pleasure to present the agency's audited financial statements for fiscal year 2015. I am happy to report that our independent auditor, Leon Snead and Company, P.C., has rendered an unmodified opinion on these statements. The Endowment has obtained an unmodified (clean) opinion on the agency's consolidated financial statements for the tenth consecutive year, indicating the Endowment's continued responsible stewardship of the taxpayer dollars to which it has been entrusted.

For fiscal year 2014, our independent auditor identified a significant deficiency related to administrative funds control. In response to the audit finding we have developed a comprehensive plan to strengthen our internal controls in fiscal year 2015 to prevent future occurrences.

The accounting office took on several initiatives this year to improve its efficiency of operations. Several reconciliation and financial statement preparation tasks have had source queries modified to obtain the necessary information as part of the individual queries, removing the need for repetitive modifications to data once it has been extracted. Many hours of time savings have resulted because of this approach and staff continue to look for opportunities on a daily basis.

For FY 2016, we will continue our progress on system and transaction testing as part of our upgrade of the Oracle financial system to release 12. The office will continue to make progress on modifying our existing processes to better use technology to improve efficiencies in operations and reporting.

Under the requirements of the Federal Managers "Financial Integrity Act of 1982," the NEH's management conducted its annual assessment and concluded that the system of internal controls, taken as a whole, complies with the internal control standards prescribed by Government Accountability Office (GAO) and provides reasonable assurance that the agency's goals and objectives are being met.

Receiving an unmodified opinion verifies that the Endowment's financial statements are fairly presented and demonstrates accountability in the execution of our fiduciary responsibilities. I want to express my sincere appreciation to all of the NEH staff members whose effort and dedication made the FY 2015 unmodified opinion possible.

Sean Doss
Director, Accounting Office

October 31, 2015

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National Endowment for the Humanities

Audit of Financial Statements

**As of and for the Years Ended
September 30, 2015 and 2014**

Submitted By

Leon Snead & Company, P.C.

Certified Public Accountants & Management Consultants



416 Hungerford Drive, Suite 400
Rockville, Maryland 20850
301-738-8190
Fax: 301-738-8210
leonsnead.companypc@erols.com

Independent Auditor's Report

Inspector General, National Endowment for the Humanities
Chairman, National Endowment for the Humanities

We have audited the accompanying balance sheets of the National Endowment for the Humanities (NEH), as of September 30, 2015 and 2014, and the related statements of net cost, changes in net position and statements of budgetary resources (the financial statements) for the years then ended. The objective of our audit was to express an opinion on the fair presentation of those financial statements. In connection with our audit, we also considered the NEH's internal control over financial reporting and tested the NEH's compliance with certain provisions of applicable laws, regulations, contracts and grant agreements that could have a direct and material effect on its financial statements.

SUMMARY

As stated in our opinion on the financial statements, we found that the NEH's financial statements as of and for the years ended September 30, 2015 and 2014, are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

Our consideration of internal control would not necessarily disclose all deficiencies in internal control over financial reporting that might be material weaknesses under standards issued by the American Institute of Certified Public Accountants. However, our testing of internal control identified no material weaknesses in financial reporting.

As a result of our tests of compliance with certain provisions of laws, regulations, and significant provisions of contracts and grant agreements, nothing came to our attention that caused us to believe that NEH failed to comply with applicable laws, regulations, contracts, and grant agreements that have a material effect on the financial statements insofar as they relate to accounting matters.

The following sections discuss in more detail our opinion on the NEH's financial statements, our consideration of NEH's internal control over financial reporting, our tests of NEH's compliance with certain provisions of applicable laws and regulations, and management's and our responsibilities.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of NEH, which comprise the balance sheets as of September 30, 2015 and 2014, and the related statements of net cost, statements of changes in net position, and statements of budgetary resources for the years then ended, and the related notes to the financial statements.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NEH as of September 30, 2015 and 2014, and the related net cost, changes in net position, and budgetary resources for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. Such responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and pertinent provisions of OMB Bulletin 15-02, *Audit Requirements for Federal Financial Statements* (the OMB audit bulletin). Those standards and the OMB audit bulletin require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments in a Federal agency, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing opinions on the effectiveness of the NEH's internal control or its compliance with laws, regulations, and significant provisions of contracts and grant agreements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

REQUIRED SUPPLEMENTARY INFORMATION AND REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION

Accounting principles generally accepted in the U.S. require that Management's Discussion and Analysis and information about investments in non-Federal physical property be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board (FASAB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information and required supplementary stewardship information in accordance with auditing standards generally accepted in the U.S., which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER ACCOMPANYING INFORMATION

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The performance measures, Summary of Management Challenges, Summary of Financial Statement Audit and Management Assurances, and reporting details related to the Improper Payments Improvement Act, as amended by the Improper Payments Elimination and Recovery Act, are presented for the purposes of additional analysis and are not required parts of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

OTHER AUDITOR REPORTING REQUIREMENTS

Report on Internal Control

In planning and performing our audit of the financial statements of NEH as of and for the years ended September 30, 2015 and 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the NEH's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the NEH's internal control. Accordingly, we do not express an opinion on the effectiveness of the NEH's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Because of inherent limitations in internal controls, including the possibility of management override of controls, misstatements, losses, or noncompliance may nevertheless occur and not be detected. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A summary of the status of the prior year finding is included as Attachment 1.

Report on Compliance

As part of obtaining reasonable assurance about whether the agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and significant provisions of contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain other laws and regulations. We limited our tests of compliance to these provisions and we did not test compliance with all laws and regulations applicable to the NEH. Providing an opinion on compliance with certain provisions of laws, regulations, and significant contract provisions and grant agreements was not an objective of our audit and, accordingly, we do not express such an opinion.

In connection with our audit, nothing came to our attention that caused us to believe that NEH failed to comply with applicable laws, regulations, or significant provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the NEH's noncompliance with applicable laws, regulations, or significant provisions of laws, regulations, contracts, and grant agreements insofar as they relate to accounting matters.

Our engagement was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the NEH's noncompliance with applicable

laws, regulations, or significant provisions of laws, regulations, contracts, and grant agreements insofar as they relate to accounting matters.

Restricted Use Relating to Reports on Internal Control and Compliance

The purpose of the communication included in the sections identified as “Report on Internal Control” and “Report on Compliance” is solely to describe the scope of our testing of internal control over financial reporting and compliance, and to describe any material weaknesses, significant deficiencies, or instances of noncompliance we noted as a result of that testing. Our objective was not to provide an opinion on the design or effectiveness of the NEH’s internal control over financial reporting or its compliance with laws, regulations, or provisions of contracts or grant agreements. The two sections of the report referred to above are integral parts of an audit performed in accordance with *Government Auditing Standards* in considering the NEH’s internal control over financial reporting and compliance. Accordingly, those sections of the report are not suitable for any other purpose.

Agency Comments and Auditor Evaluation

In commenting on the draft of this report, the management of NEH concurred with the facts and conclusions in our report. A copy of management’s response accompanies this report.

Leon Snead & Company, P.C.

November 10, 2015

Status of Prior Year Findings

<u>Description</u>	<u>Prior Report Date</u>	<u>Status as of September 30, 2015</u>
1. Total allotments of NEH's administrative funds for 2014 exceeded the amount that OMB approved to be spent.	11/13/2014	1. NEH implemented controls to track and monitor allotments and spending versus its apportionment. The prior year finding was resolved.



NATIONAL ENDOWMENT FOR THE

Humanities

OFFICE OF THE CHAIRMAN

November 2, 2015

Pat Layfield
Senior Audit Manager
Leon Snead & Company, P.C.
416 Hungerford Drive, Suite 400
Rockville, MD 20850

Dear Ms. Layfield:

Thank you for the opportunity to comment on the draft audit report of the National Endowment for the Humanities (NEH) for fiscal year 2015.

We concur with the facts and conclusions of your report. We are pleased to learn of the unmodified opinion on NEH's financial statements and to note that there were no material weaknesses or significant deficiencies identified during the audit.

We would like to express our appreciation for the hard work of you and your team of auditors throughout this year's audit cycle. The collegiality and professionalism of the audit team were instrumental in our efforts to prepare and submit all of the required information.

Sincerely,

Jeffrey Thomas
Assistant Chairman for
Planning and Operations

cc: Laura Davis
Sean Doss



NATIONAL ENDOWMENT FOR THE

Humanities

Audited Financial Statements

As of and for the Years Ended September 30, 2015 and 2014



NATIONAL ENDOWMENT FOR THE HUMANITIES

BALANCE SHEET

As of September 30, 2015 and 2014
(in US Dollars)

	FY 2015	FY 2014
ASSETS		
Intragovernmental:		
Cash & fund balances w/ U.S. Treasury (Note 2)	\$ 148,061,169	\$ 148,468,437
Receivables and advances (Note 3)	633,028	923,105
Total intragovernmental	148,694,197	149,391,542
Receivables and advances (Note 3)	2,276,583	1,708,100
Property and equipment, net (Note 4)	885,730	806,206
TOTAL ASSETS	151,856,510	151,905,848
LIABILITIES		
Intragovernmental:		
Accounts payable and accrued expenses (Notes 5 & 8)	176,858	644,108
Total intragovernmental	176,858	644,108
Accounts payable and accrued expenses (Notes 5 & 8)	21,683,234	22,762,592
Unfunded FECA actuarial liability (Notes 5 & 8)	235,166	245,432
Unfunded annual leave (Notes 5 & 8)	1,262,172	1,412,093
TOTAL LIABILITIES	23,357,430	25,064,225
Commitments and contingencies (Note 1)		
NET POSITION		
Unexpended appropriations - other funds	128,576,472	127,191,466
Cumulative results operations - other funds	(419,182)	(822,598)
Cumulative results operations - dedicated collections (Note 11)	341,790	472,755
TOTAL NET POSITION	128,499,080	126,841,623
TOTAL LIABILITIES AND NET POSITION	\$ 151,856,510	\$ 151,905,848

The accompanying notes are an integral part of these statements.

NATIONAL ENDOWMENT FOR THE HUMANITIES

STATEMENT OF NET COST

For the Years Ended September 30, 2015 and 2014

(in US Dollars)

	2015	2014
PROGRAM COSTS (Notes 1, 12, 13, 15, & 19)		
Bridging Cultures		
Gross costs	\$ 4,555,712	\$ 2,222,707
Less: earned revenue	(10,062)	(4,290)
Net costs	4,545,650	2,218,417
Challenge Grants		
Gross costs	9,193,968	10,890,723
Less: earned revenue	(20,191)	(20,935)
Net costs	9,173,777	10,869,788
Digital Humanities		
Gross costs	5,517,366	5,464,337
Less: earned revenue	(11,972)	(10,369)
Net costs	5,505,394	5,453,968
Education		
Gross costs	17,855,388	17,481,696
Less: earned revenue	(38,715)	(33,096)
Net costs	17,816,673	17,448,600
Federal/State Partnership		
Gross costs	47,991,950	45,417,405
Less: earned revenue	(105,880)	(87,538)
Net costs	47,886,070	45,329,867
Preservation and Access		
Gross costs	19,425,728	18,524,426
Less: earned revenue	(244,451)	(302,709)
Net costs	19,181,277	18,221,717
Program Development		
Gross costs	844,991	445,752
Less: earned revenue	(1,866)	(860)
Net costs	843,125	444,892
Public		
Gross costs	18,025,869	15,173,354
Less: earned revenue	(39,253)	(28,816)
Net costs	17,986,616	15,144,538
Research		
Gross costs	19,084,493	18,781,833
Less: earned revenue	(194,361)	(183,984)
Net costs	18,890,132	18,597,849
Treasury Funds		
Gross costs	2,595,030	1,833,853
Less: earned revenue	(5,731)	(3,540)
Net costs	2,589,299	1,830,313
We the People		
Gross costs	1,468,615	3,181,594
Less: earned revenue	(3,244)	(6,141)
Net costs	1,465,371	3,175,453
TOTAL PROGRAMS		
Gross costs (Note 18)	146,559,110	139,417,680
Less: earned revenue	(675,726)	(682,278)
NET COST OF OPERATIONS	\$ 145,883,384	\$ 138,735,402

The accompanying notes are an integral part of these statements.

STATEMENT OF CHANGES IN NET POSITION
For the Years Ended September 30, 2015 and 2014
(in US Dollars)

	2015			2014		
	Funds from Dedicated Collections	All Other Funds	Total	Funds from Dedicated Collections	All Other Funds	Total
<u>CUMULATIVE RESULTS OF OPERATIONS</u>						
Beginning balances	\$ 472,755	\$ (822,598)	\$ (349,843)	\$ 518,371	\$ (942,291)	\$ (423,920)
Adjustments: Corrections of errors	-	-	-	-	-	-
Beginning balances, as adjusted	472,755	(822,598)	(349,843)	518,371	(942,291)	(423,920)
Budgetary financing sources:						
Donations (Note 11)	192,324	-	192,324	319,955	-	319,955
Appropriations used (Note 17)	-	144,635,994	144,635,994	-	137,136,183	137,136,183
Other financing resources:						
Imputed financing from costs absorbed by others (Notes 1 & 13)	-	1,327,517	1,327,517	-	1,353,341	1,353,341
Total financing sources	192,324	145,963,511	146,155,835	319,955	138,489,524	138,809,479
Net cost of operations (Notes 12 & 13)	(323,289)	(145,560,095)	(145,883,384)	(365,571)	(138,369,831)	(138,735,402)
Net change	(130,965)	403,416	272,451	(45,616)	119,693	74,077
Cumulative Results of Operations	341,790	(419,182)	(77,392)	472,755	(822,598)	(349,843)
<u>UNEXPENDED APPROPRIATIONS</u>						
Beginning balances	-	127,191,466	127,191,466	-	118,306,648	118,306,648
Adjustments: Corrections of errors	-	-	-	-	-	-
Beginning balances, as adjusted	-	127,191,466	127,191,466	-	118,306,648	118,306,648
Budgetary financing sources:						
Appropriations received (current period) (Notes 17 & 18)	-	146,021,000	146,021,000	-	146,021,000	146,021,000
Rescissions	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Appropriations used (Note 17)	-	(144,635,994)	(144,635,994)	-	(137,136,183)	(137,136,183)
Total budgetary financing sources	-	1,385,006	1,385,006	-	8,884,817	8,884,817
Total Unexpended Appropriations	-	128,576,472	128,576,472	-	127,191,465	127,191,465
<u>NET POSITION</u>	\$ 341,790	\$ 128,157,290	\$ 128,499,080	\$ 472,755	\$ 126,368,867	\$ 126,841,623

The accompanying notes are an integral part of these statements.



STATEMENT OF BUDGETARY RESOURCES
For the Years Ended September 30, 2015 and 2014
(in US Dollars)

	2015	2014
Budgetary Resources:		
Unobligated balance brought forward, October 1	\$ 8,846,977	\$ 5,798,563
Unobligated balance brought forward, October 1, as adjusted	8,846,977	5,798,563
Recoveries of prior year unpaid obligations	1,483,988	1,938,792
Unobligated balance from prior year budget authority, net	10,330,965	7,737,355
Appropriations (discretionary and mandatory)	146,213,324	146,340,955
Spending authority from offsetting collections (discretionary and mandatory)	517,967	751,216
Total budgetary resources	157,062,255	154,829,526
Status of Budgetary Resources:		
Obligations incurred (Note 14)	150,752,368	145,982,549
Unobligated balance, end of year:		
Apportioned	6,309,887	8,117,550
Unapportioned	-	729,427
Total unobligated balance, end of year	6,309,887	8,846,977
Total budgetary resources	157,062,255	154,829,526
Change in Obligated Balance:		
Unpaid Obligations:		
Unpaid obligations, brought forward, October 1	139,711,350	135,407,537
Obligations incurred	150,752,368	145,982,549
Outlays (gross) (-)	(147,211,988)	(139,739,944)
Recoveries of prior year unpaid obligations (-)	(1,483,988)	(1,938,792)
Unpaid obligations, end of year	141,767,742	139,711,350
Uncollected Payments:		
Uncollected pymts, Fed sources, brought forward, Oct 1 (-)	(89,891)	(168,902)
Change in uncollected pymts, Fed sources (+/-)	73,431	79,011
Uncollected pymts, Fed sources, end of year(-)	(16,460)	(89,891)
Memorandum (non-add) entries:		
Obligated balance, start of year (+/-)	139,621,459	135,238,635
Obligated balance, end of year (+/-)	141,751,282	139,621,459
Budget Authority and Outlays, Net:		
Budget authority, gross (discretionary and mandatory)	146,731,291	147,092,171
Actual offsetting collections (discretionary and mandatory) (-)	(591,398)	(830,227)
Change in uncollected customer payments from Federal sources (discretionary/mandatory) (+or-)	73,431	79,011
Budget authority, net (discretionary and mandatory)	146,213,324	146,340,955
Outlays, gross (discretionary and mandatory)	147,211,988	139,739,944
Actual offsetting collections (discretionary and mandatory)(-)	(591,398)	(830,227)
Outlays, net (discretionary and mandatory)	146,620,590	138,909,717
Distributed offsetting receipts (-)	(277,002)	(356,295)
Agency outlays, net (discretionary and mandatory)	\$ 146,343,588	\$ 138,553,422

Note: NEH does not have a non-budgetary credit reform financing account

The accompanying notes are an integral part of these statements.

National Endowment for the Humanities
Notes to the Financial Statements
As of and for the Years Ended
September 30, 2015 and 2014
(In Dollars)

Table of Contents

Note 1 – Significant Accounting Policies	2
Note 2 – Fund Balance with Treasury	7
Note 3 – Accounts Receivable and Advances	7
Note 4 – General Property, Plant and Equipment, Net.....	8
Note 5 – Liabilities	9
Note 7 – Incidental Custodial Collections.....	10
Note 8 – Liabilities Not Covered by Budgetary Resources.....	11
Note 9 – Explanation of Differences between Liabilities Not Covered by Budgetary Resources and Components Requiring or Generating Resources in Future Periods	11
Note 10 – Explanation of Differences between the Statement of Budgetary Resources and the Budget of the United States Government	11
Note 11 – Funds from Dedicated Collections	12
Note 12 – Intragovernmental Costs and Exchange Revenue.....	14
Note 13 – Reconciliation of Net Cost of Operations to Budget	15
Note 14 – Apportionment Categories of Obligations Incurred: Direct vs. Reimbursable Obligations	16
Note 15 – Exchange Revenues for Reimbursable Services Activities	16
Note 16 – Undelivered Orders at the End of the Period	16
Note 17 – Reconciliation of Federal Appropriation to Federal Expended Appropriation.....	17
Note 18 – Reconciliation of Expenses to Federal Appropriation	17
Note 19 – Statement of Net Cost.....	17
Note 20 – Change in Accounting Estimate	18
Investment in Non-Federal Physical Property	19

National Endowment for the Humanities
Notes to the Financial Statements
As of and for the Years Ended
September 30, 2015 and 2014
(In Dollars)

The following Notes include the disclosure requirements contained in the Office of Management and Budget (OMB) Circular A-136, "Financial Reporting Requirements" and the Federal Accounting Standards Advisory Board (FASAB) "Statements of Federal Financial Accounting Standards" (SFFAS).

Note 1 – Significant Accounting Policies

A. Reporting Entity

The National Endowment for the Humanities (NEH) is an independent grant-making agency of the United States government dedicated to supporting research, education, preservation, and public programs in the humanities. NEH was established by the National Foundation on the Arts and the Humanities Act of 1965.

B. Basis of Presentation

The financial statements are provided to meet the requirements of the Accountability of Tax Dollars Act of 2002. The statements consist of the Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and Statement of Budgetary Resources.

C. Basis of Accounting

Transactions are generally recorded on an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned, and expenses are recognized when liabilities are incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints and controls over the use of Federal funds. Each year, Congress provides NEH appropriations to incur obligations in support of agency programs. Budgetary accounting is the means of recording these appropriations and measuring the consumption of budget authority and other budgetary resources.

D. Revenues and Other Financing Sources

NEH receives funding through annual Congressional appropriations from the budget of the United States. No-year appropriations are used, within statutory limits, for operations and capital expenditures for essential personal property. Appropriations are recognized as revenues at the time that the related program or administrative expenses are incurred. Appropriations expended for capitalized property and equipment are recognized as expenses when assets are consumed in operations.

National Endowment for the Humanities
Notes to the Financial Statements
As of and for the Years Ended
September 30, 2015 and 2014
(In Dollars)

Note 1 – Significant Accounting Policies (continued)

The National Foundation on the Arts and the Humanities Act granted NEH the authority to receive donations and to invest in interest-bearing accounts. Accounts are maintained for restricted as well as unrestricted funding and NEH observes the same guidelines for the appropriate use of donated funds as for appropriated funds. This authority allows the Chairman to incur representation and reception expenses.

E. Fund Balance with Treasury

Funds with the Department of the Treasury primarily represent appropriated funds that are available to pay current liabilities and finance authorized purchase commitments. See Note 2 for additional information.

F. Advances and Prepayments

NEH records grant payments for work not yet performed at year-end as advances. The advances are recorded as expenses in subsequent fiscal years.

G. General Property, Plant and Equipment

NEH policy is to depreciate property, plant and equipment over the estimated useful life of the asset. The capitalization threshold is \$50,000 for individual purchases and \$50,000 for bulk purchases with a minimum of \$10,000 per item. The capitalization threshold for leasehold improvements is \$50,000 for individual items with a useful life of two years or more and \$50,000 for bulk purchases with a minimum of \$10,000 per item. The capitalization threshold for internal use software is \$250,000 or above for aggregate costs. Service lives are listed below:

<u>Description</u>	<u>Estimated Useful Life</u>
Leasehold Improvements	Shorter of Lease Term or Improvement
Capital Leases	Term of Lease
Office Furniture	7 years
Computer Equipment and Software	3 years
Office Equipment	5 years

H. Liabilities

Liabilities represent transactions or events that have already occurred for which NEH will likely pay. No liability can be paid, however, absent an appropriation, or in some cases donated funds. Liabilities for which an appropriation has not been enacted are, therefore, classified as not covered by budgetary resources, because there is no absolute certainty that the appropriation will be enacted. Also, liabilities can be abrogated by the Government acting in its sovereign capacity.

National Endowment for the Humanities
Notes to the Financial Statements
As of and for the Years Ended
September 30, 2015 and 2014
(In Dollars)

Note 1 – Significant Accounting Policies (continued)

I. Accounts Payable

Accounts payable consists of amounts owed to other federal agencies, commercial vendors, and grantees. Accounts payable to commercial vendors are expenses for goods and services received but not yet paid by NEH. Grant liabilities are grantee expenses not yet funded or reimbursed by NEH. At fiscal year-end, NEH calculates and records an accrual for the amount of estimated unreimbursed grantee expenses.

In estimating grant accruals, NEH followed the guidelines in the Federal Accounting Standards Advisory Board's (FASAB) Statement of Federal Financial Accounting Technical Release (TR) 12, *Accrual Estimates for Grant Programs*. The purpose of TR 12 is to provide a cost-effective framework for developing reasonable estimates of accrued grant liabilities. TR 12 addresses materiality considerations, risk assessment, and procedures for estimating accruals for grant programs, including acceptable procedures until sufficient relevant and reliable historical data is available for new grant programs or changes to existing programs.

J. Accounts Receivable

NEH uses the specific identification method to recognize an allowance for uncollectible accounts receivable and related bad debt expenses.

K. Annual, Sick, and Other Leave

Annual leave is accrued as it is earned and the accrual is reduced as leave is taken. Each year, the balance in the accrued leave account is adjusted to reflect current pay rates and balances. To the extent current or prior year appropriations are not available to fund annual leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of non-vested leave are expensed as taken.

L. Retirement Plans

NEH employees participate in the Civil Services Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). FERS was established by enactment of Public Law 99-335. Pursuant to this law, FERS and Social Security automatically cover most employees hired after December 31, 1983. Employees hired before January 1, 1984, participated in CSRS unless they elected to join FERS and Social Security.

National Endowment for the Humanities
Notes to the Financial Statements
As of and for the Years Ended
September 30, 2015 and 2014
(In Dollars)

Note 1 – Significant Accounting Policies (continued)

All employees are eligible to contribute to the Thrift Saving Plan (TSP). For those employees participating in FERS, a TSP account is automatically established and NEH makes a mandatory one percent contribution to this account. In addition, NEH makes matching contributions, ranging from one to four percent, for

FERS eligible employees, who contribute to their TSP accounts. Matching contributions are not made to TSP accounts established by CSRS employees.

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. In these instances, NEH remits the employer's share of the required contribution.

NEH does not report on its financial statements information pertaining to the retirement plans covering its employees except for imputed costs related to retirement (see L. below). Reporting amounts such as plan assets and accumulated plan benefits, if any, is the responsibility of the Office of Personnel Management.

M. Imputed Benefit Costs

NEH reports imputed benefit costs on Life Insurance, Health Insurance, and Retirement. The Office of Personnel Management (OPM) supplies certain cost factors that are applied to the Agency's records.

N. Federal Employees' Compensation Act (FECA) Actuarial Liability

The FECA provides income and medical cost protection to covered federal civilian employees injured on the job, for those who have contracted a work-related occupational disease, and for beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. Claims incurred for benefits under the FECA for NEH's employees are administered by the Department of Labor (DOL) and are ultimately paid by NEH.

DOL provides a computational model for estimating a FECA actuarial liability for any federal agency not specifically listed in the results of DOL's FECA actuarial model. This computational model is based on an extrapolation from the actual charges experienced recently by NEH. This procedure is not an allocation of a listed liability amount. It is, however, a way to calculate a reasonable actuarial liability for NEH.

National Endowment for the Humanities
Notes to the Financial Statements
As of and for the Years Ended
September 30, 2015 and 2014
(In Dollars)

Note 1 – Significant Accounting Policies (continued)

The computational model takes the amount of benefit payments for the entity over the last 9 to 12 quarters, and calculates the annual average of payments for medical expenses and compensation. Both types of payments can be found in the chargeback reports that are issued quarterly by DOL. The average is then multiplied by the liability to benefits paid ratios (LBP). These ratios vary from year to year as a result of economic assumptions and other factors. The model calculates a liability approximately 11 times the annual payments.

O. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

P. Commitments and Contingencies

There are no commitments or contingencies that require disclosure.

Q. Intragovernmental Activity

Throughout these financial statements, intragovernmental assets, liabilities, revenues, and costs have been classified according to the type of entity associated with the transactions. Intragovernmental assets and liabilities are those from or to other Federal entities. Intragovernmental earned revenues are collections or accruals of revenue earned from other Federal entities and intragovernmental costs are payments or accruals to other Federal entities.

R. Stewardship Investments

Stewardship investments are substantial investments made by the Federal Government for the benefit of the nation but are not physical assets owned by the Federal Government. When incurred, they are treated as expenses in determining the net cost of operations. For the National Endowment for the Humanities, such investments are measured in terms of expenses incurred for federally-financed but not federally-owned physical property (investment in non-federal physical property).

S. Rounding

Some totals and amounts reflected on the financial statements and in the Notes may differ due to rounding.

National Endowment for the Humanities
Notes to the Financial Statements
As of and for the Years Ended
September 30, 2015 and 2014
(In Dollars)

Note 2 – Fund Balance with Treasury

Fund balance with Treasury:	<u>2015</u>	<u>2014</u>
Appropriated funds	\$ 147,724,439	\$ 147,994,205
Trust funds	336,730	474,232
Total	<u>148,061,169</u>	<u>148,468,437</u>
 Status of fund balance with Treasury:		
Unobligated balance - available	6,309,887	8,117,550
Unobligated balance - unavailable	-	729,427
Unfilled customer orders without advance	(12,782)	(79,805)
Receivables from federal sources	(3,678)	(10,085)
Obligated balance not yet disbursed	141,767,742	139,711,350
Total	<u>\$ 148,061,169</u>	<u>\$ 148,468,437</u>

Fund Balance with Treasury is the aggregate amount of NEH's accounts with the U.S. Treasury from which NEH is authorized to make expenditures and pay liabilities. The trust fund includes amounts donated to NEH. Some of these funds are restricted for intended purposes.

Note 3 – Accounts Receivable and Advances

	<u>2015</u>	<u>2014</u>
	<u>Current</u>	<u>Current</u>
Gross receivables		
Receivables from services to federal agencies:		
Advances to federal agencies	\$ 629,350	\$ 913,020
Other receivables	3,678	10,085
Receivables from the public:		
Advances to grantees	2,054,641	1,603,843
Other receivables	221,942	104,257
Allowance for uncollectible accounts	<u>-</u>	<u>-</u>
Net receivables	<u>\$ 2,909,611</u>	<u>\$ 2,631,205</u>

National Endowment for the Humanities
Notes to the Financial Statements
As of and for the Years Ended
September 30, 2015 and 2014
(In Dollars)

Note 4 – General Property, Plant and Equipment, Net

NEH policy is to depreciate property, plant and equipment over the estimated useful life of the asset. The capitalization threshold is \$50,000 for individual purchases and \$50,000 for bulk purchases with a minimum of \$10,000 per item. The capitalization threshold for leasehold improvements is \$50,000 for individual items with a useful life of two years or more and \$50,000 for bulk purchases with a minimum of \$10,000 per item. The capitalization threshold for internal use software is \$250,000 or above for aggregate costs. Property and equipment, net, consists of the following:

Major Class	Service Life and Method	Cost	Accumulated Amortization /Depreciation	<u>2015</u> Net Book Value	<u>2014</u> Net Book Value
Leasehold Improvements	10 years/Straight	\$ 168,722	\$ (21,090)	\$ 147,632	\$ 164,505
Office Equipment	5 years/Straight	119,216	(1,987)	117,229	-
Software – Internal Use	3 years/Straight	992,317	(575,621)	416,696	481,301
Software – In Development	Not Applicable	204,173	-	204,173	160,400
Total, Property & Equipment		\$ 1,484,428	\$ (598,698)	\$ 885,730	\$ 806,206

National Endowment for the Humanities
Notes to the Financial Statements
As of and for the Years Ended
September 30, 2015 and 2014
(In Dollars)

Note 5 – Liabilities

	<u>2015</u>	<u>2014</u>
Intragovernmental:	<u>Current</u>	<u>Current</u>
Accrued unfunded FECA	\$ 46,692	\$ 46,375
Advances from others	33,079	296,087
Employee contributions & payroll taxes payable	97,087	76,321
Accrued liabilities due to federal agencies	-	225,325
Total Intragovernmental	<u>176,858</u>	<u>644,108</u>
With the Public:		
Accrued funded payroll	545,903	464,309
Actuarial FECA	235,166	245,432
Accrued unfunded leave	1,262,172	1,412,093
Accrued liabilities due - non-Government	21,137,331	22,298,283
Total Liabilities with the Public	<u>23,180,572</u>	<u>24,420,117</u>
Total liabilities	<u>\$ 23,357,430</u>	<u>\$ 25,064,225</u>

National Endowment for the Humanities
Notes to the Financial Statements
As of and for the Years Ended
September 30, 2015 and 2014
(In Dollars)

Note 6 – Leases

Occupancy Agreement:

Office Space: The National Endowment for the Humanities (NEH) occupies office space in the Constitution Center Building at 400 7th Street in the District of Columbia under an occupancy agreement with the General Services Administration (GSA). The occupancy agreement is accounted for as an operating lease. The estimate for the annual rent for NEH's office space for the next fiscal year is below:

	<u>2015</u>	<u>2014</u>
	<u>Office Space</u>	<u>Office Space</u>
Future payments due:		
Fiscal year 2014	\$ -	\$ -
Fiscal year 2015	\$ -	\$ 3,107,451
Fiscal year 2016 (estimate)	\$ 3,066,979	\$ -

Note 7 – Incidental Custodial Collections

Custodial collections made by NEH are deposited and reported into a designated miscellaneous receipt account. At fiscal year-end, all custodial collections are returned to the U.S. Treasury.

	<u>2015</u>	<u>2014</u>
Collections for NEH projects funded in previous years	\$ 84,678	\$ 36,340
Total cash collections	84,678	36,340
Disposition of collections:		
Returned to Treasury (general fund)	84,678	36,340
Retained by NEH	-	-
Net custodial collection activity	<u>\$ -</u>	<u>\$ -</u>

National Endowment for the Humanities
Notes to the Financial Statements
As of and for the Years Ended
September 30, 2015 and 2014
(In Dollars)

Note 8 – Liabilities Not Covered by Budgetary Resources

	<u>2015</u>	<u>2014</u>
Intragovernmental		
Accrued unfunded FECA	\$ 46,692	\$ 46,375
Total intragovernmental	46,692	46,375
Actuarial FECA	235,166	245,432
Accrued unfunded leave	1,262,172	1,412,093
Total liabilities not covered by budgetary resources	1,544,030	1,703,900
Total liabilities covered by budgetary resources	21,813,400	23,360,325
Total liabilities	<u>\$ 23,357,430</u>	<u>\$ 25,064,225</u>

Note 9 – Explanation of Differences between Liabilities Not Covered by Budgetary Resources and Components Requiring or Generating Resources in Future Periods

Components that comprise liabilities not covered by budgetary resources represent the cumulative balance of the liability. By contrast, components requiring or generating resources in future periods included in Note 13 – Reconciliation of Net Cost of Operations to Budget – represent the change in the liability created in the current year.

Note 10 – Explanation of Differences between the Statement of Budgetary Resources and the Budget of the United States Government

The President's Budget which includes actual numbers for fiscal year 2015 has not been published. Actual numbers for fiscal year 2015 will be included in the President's Budget for fiscal year 2017, which will be published in February 2016 and will be available at <http://www.whitehouse.gov/omb/>.

There are no material differences between the amounts reported in the FY 2014 Statement of Budgetary Resources and the 2014 actual amounts reported in the Budget of the United States Government. Any differences in the table below are due to the rounding of the amounts in the Budget of the United States Government.

National Endowment for the Humanities
Notes to the Financial Statements
As of and for the Years Ended
September 30, 2015 and 2014
(In Dollars)

Note 10 (continued)

FY 2014 (In Millions of Dollars)	Budgetary Resources Available for Obligation	Obligations Incurred	Distributed Offsetting Receipts	Net Outlays
Budget of the U.S. Government	\$ 153	\$ 146	\$ -	\$ 140
Statement of Budgetary Resources	<u>155</u>	<u>146</u>	<u>-</u>	<u>139</u>
Differences (due to rounding)	\$ 2	\$ -	\$ -	\$ (1)

Note 11 – Funds from Dedicated Collections

The Statement of Federal Financial Accounting Standards 43: *Funds from Dedicated Collections: Amending Statement of Federal Financial Accounting Standards 27, Identifying and Reporting Earmarked Funds* SFFAS No. 27, *Identifying and Reporting Earmarked Funds*, changed the term "earmarked funds" to "funds from dedicated collections." SFFAS 43 also amended the definition as follows. Generally, funds from dedicated collections are financed by specifically identified revenues, provided to the government by non-federal sources, often supplemented by other financing sources, which remain available over time. These specifically identified revenues and other financing sources are required by statute to be used for designated activities, benefits or purposes, and must be accounted for separately from the government's general revenues.

Pursuant to authority set forth in its authorizing statute, at 20 U.S.C. 959(a)(2), and at P.L. 106-113, Sec. 319, the NEH is authorized to solicit, accept and invest money and other property donated to the agency. Section 959(a)(2) authorizes the Chairman of the NEH, with the recommendation of the National Council on the Humanities, to "receive money and other property donated, bequeathed, or devised to [the] Endowment with or without condition or restriction." There are two types of donations accepted by the Endowment: unrestricted and restricted gifts. An unrestricted gift is one made to the Endowment with no limitations on how the gift is to be used. A restricted gift explicitly states how the gift is to be used.

Donations to the Endowment must be used for a purpose consistent with the agency's mission and authorizing legislation. The general authority of the Chairman to carry out the functions of the Endowment is enumerated in 20 U.S.C. 956(c).

National Endowment for the Humanities
Notes to the Financial Statements
As of and for the Years Ended
September 30, 2015 and 2014
(In Dollars)

Note 11 – Funds from Dedicated Collections – (continued)

	2015				2014		
Balance Sheet, as of September 30th	Funds from Dedicated Collections Gifts & Donations	Eliminations	Total Funds from Dedicated Collections		Funds from Dedicated Collections Gifts & Donations	Eliminations	Total Funds from Dedicated Collections
Assets							
Fund balance with Treasury	\$ 336,730	\$ -	\$ 336,730		\$ 474,232	\$ -	\$ 474,232
Other assets – Intragov't Advances	5,060	-	5,060		-	-	-
Total assets	341,790	-	341,790		474,232	-	474,232
Liabilities	-	-	-		1,477	-	1,477
Unexpended Appropriations	-	-	-		-	-	-
Cumulative results of operations	341,790	-	341,790		472,755	-	472,755
Total liabilities and net position	341,790	-	341,790		474,232	-	474,232
Statement of Net Cost, for the year ended September 30th							
Gross program costs	323,289	-	323,289		365,571	-	365,571
Less earned revenues	-	-	-		-	-	-
Net program costs	323,289	-	323,289		365,571	-	365,571
Costs not attributable to program costs	-	-	-		-	-	-
Less earned revenues not attributable to program costs	-	-	-		-	-	-
Net cost of operations	323,289	-	323,289		365,571	-	365,571
Statement of Changes in Net Position, for the year ended September 30th							
Net position, beginning of period	472,755	-	472,755		518,371	-	518,370
Non-exchange revenue	192,324	-	192,324		319,955	-	319,955
Other financing sources	-	-	-		-	-	-
Net cost of operations	323,289	-	323,289		365,571	-	365,571
Change in net position	(130,965)	-	(130,965)		(45,616)	-	(45,616)
Net position, end of period	\$ 341,790	\$ -	\$ 341,790		\$ 472,755	\$ -	\$ 472,754

National Endowment for the Humanities
Notes to the Financial Statements
As of and for the Years Ended
September 30, 2015 and 2014
(In Dollars)

Note 12 – Intragovernmental Costs and Exchange Revenue

OMB Circular A-136 has changed the disclosure requirements for transactions with other Federal entities and the public. Under the revised guidance, NEH will present costs associated with Federal agencies, as well as costs associated with the public. The following amounts present NEH's earned revenues for sales of goods and services to Federal agencies and the public, gross costs associated with sales of goods and services to Federal agencies and the public, and net cost of operations by program.

FY 2015 Programs	Intragovernmental costs	Public costs	Total costs	Intragovernmental earned revenue	Public earned revenue	Total earned revenue	Net costs
Bridging Cultures	443,420	4,112,292	4,555,712	10,062	-	10,062	4,545,650
Challenge Grants	531,164	8,662,804	9,193,968	20,191	-	20,191	9,173,777
Digital Humanities	528,308	4,989,058	5,517,366	11,972	-	11,972	5,505,394
Education	1,544,595	16,310,793	17,855,388	38,715	-	38,715	17,816,673
Federal/State Partnership	2,321,268	45,670,682	47,991,950	105,880	-	105,880	47,886,070
Preservation and Access	1,363,354	18,062,374	19,425,728	244,451	-	244,451	19,181,277
Program Development	270,792	574,199	844,991	1,866	-	1,866	843,125
Public	1,389,342	16,636,527	18,025,869	39,253	-	39,253	17,986,616
Research	1,555,261	17,529,232	19,084,493	194,361	-	194,361	18,890,132
Treasury Funds	119,489	2,475,541	2,595,030	5,731	-	5,731	2,589,299
We the People	301,717	1,166,898	1,468,615	3,244	-	3,244	1,465,371
2015 Total	10,368,710	136,190,400	146,559,110	675,726	-	675,726	145,883,384
FY 2014 Programs	Intragovernmental costs	Public costs	Total costs	Intragovernmental earned revenue	Public earned revenue	Total earned revenue	Net costs
Bridging Cultures	88,110	2,134,597	2,222,707	4,290	-	4,290	2,218,417
Challenge Grants	528,175	10,362,548	10,890,723	20,935	-	20,935	10,869,788
Digital Humanities	398,108	5,066,229	5,464,337	10,369	-	10,369	5,453,968
Education	1,398,886	16,082,810	17,481,696	33,096	-	33,096	17,448,600
Federal/State Partnership	1,934,247	43,483,158	45,417,405	87,538	-	87,538	45,329,867
Preservation and Access	1,290,408	17,234,018	18,524,426	302,709	-	302,709	18,221,717
Program Development	27,670	418,082	445,752	860	-	860	444,892
Public	1,207,438	13,965,916	15,173,354	28,816	-	28,816	15,144,538
Research	1,394,186	17,387,647	18,781,833	183,984	-	183,984	18,597,849
Treasury Funds	72,695	1,761,158	1,833,853	3,540	-	3,540	1,830,313
We the People	1,268,318	1,913,276	3,181,594	6,141	-	6,141	3,175,453
2014 Total	9,608,241	129,809,439	139,417,680	682,278	-	682,278	138,735,402

National Endowment for the Humanities
Notes to the Financial Statements
As of and for the Years Ended
September 30, 2015 and 2014
(In Dollars)

Note 13 – Reconciliation of Net Cost of Operations to Budget

	<u>2015</u>	<u>2014</u>
RESOURCES USED TO FINANCE ACTIVITIES:		
Budgetary Resources Obligated		
Obligations incurred	\$ 150,752,368	\$ 145,982,549
Less: Spending authority from offsetting collections and recoveries	2,001,954	2,690,007
Obligations net of offsetting collections and recoveries	148,750,414	143,292,542
Less: Offsetting receipts	277,002	356,295
Net Obligations	148,473,412	142,936,247
Other Resources		
Imputed financing from costs absorbed by others	1,327,517	1,353,341
<i>Total resources used to finance activities</i>	<u>149,800,929</u>	<u>144,289,588</u>
RESOURCES USED TO FINANCE ITEMS NOT PART OF THE NET COST OF OPERATIONS:		
Change in budgetary resources obligated for goods, services, and benefits ordered but not yet provided	(3,837,469)	(5,809,805)
Budgetary offsetting collections and receipts that do not affect net cost of operations	277,002	356,295
Resources that fund expenses recognized in prior periods	(160,187)	(1,142)
Resources that finance acquisition of assets	(396,769)	(508,738)
<i>Total resources used to finance items not part of the net cost of operations</i>	<u>(4,117,423)</u>	<u>(5,963,390)</u>
<i>Total resources used to finance the net cost of operations</i>	<u>145,683,506</u>	<u>138,326,198</u>
COMPONENTS OF THE NET COST OF OPERATIONS THAT WILL NOT REQUIRE OR GENERATE RESOURCES IN THE CURRENT PERIOD:		
Components requiring or generating resources in future periods:		
Annual leave liability increase	-	145,056
Other	(117,367)	72,589
<i>Total components of Net Cost of Operations that will require or generate resources in future periods</i>	<u>(117,367)</u>	<u>217,645</u>
Components not requiring or generating resources:		
Depreciation and amortization	317,245	191,559
Other	-	-
<i>Total components of Net Cost of Operations that will require or generate resources</i>	<u>317,245</u>	<u>191,559</u>
<i>Total components of the net cost of operations that will not require or generate resources in the current period</i>	<u>199,878</u>	<u>409,204</u>
NET COST OF OPERATIONS	<u><u>\$ 145,883,384</u></u>	<u><u>\$ 138,735,402</u></u>

National Endowment for the Humanities
Notes to the Financial Statements
As of and for the Years Ended
September 30, 2015 and 2014
(In Dollars)

Note 14 – Apportionment Categories of Obligations Incurred: Direct vs. Reimbursable Obligations

Obligations Incurred	<u>2015</u>	<u>2014</u>
Direct:		
1. Category A total, direct obligations	\$ -	\$ -
2. Category B total, direct obligations	150,230,132	145,576,567
3. Exempt from apportionment	-	-
Reimbursable:		
1. Category A total, direct obligations	-	-
2. Category B total, direct obligations	522,236	405,982
3. Exempt from apportionment	-	-
Total direct and reimbursable	<u>\$ 150,752,368</u>	<u>\$ 145,982,549</u>

Note 15 – Exchange Revenues for Reimbursable Services Activities

Pricing policy – Generally, when providing products and services, NEH sets prices to recover the full costs incurred unless otherwise noted in the interagency agreement.

Note 16 – Undelivered Orders at the End of the Period

On the Statement of Budgetary Resources, the obligated balance, net, end of period includes the following:

	<u>2015</u>	<u>2014</u>
Unpaid obligations:		
Undelivered orders	\$ 119,987,421	\$ 116,647,112
Accounts payable	21,780,321	23,064,238
Less: uncollected customers payments from Federal sources	<u>(16,460)</u>	<u>(89,891)</u>
Total, unpaid obligated balance, net, end of period	<u>\$ 141,751,282</u>	<u>\$ 139,621,459</u>

National Endowment for the Humanities
Notes to the Financial Statements
As of and for the Years Ended
September 30, 2015 and 2014
(In Dollars)

Note 17 – Reconciliation of Federal Appropriation to Federal Expended Appropriation

	<u>2015</u>	<u>2014</u>
Federal appropriation	\$ 146,021,000	\$ 146,021,000
Unexpended appropriation – current year	(68,805,436)	(77,754,205)
Amounts obligated in previous years, expended in current year	<u>67,420,430</u>	<u>68,869,388</u>
Federal expended appropriation	<u>\$ 144,635,994</u>	<u>\$ 137,136,183</u>

Note 18 – Reconciliation of Expenses to Federal Appropriation

	<u>2015</u>	<u>2014</u>
Total expenses	\$ 146,559,110	\$ 139,417,680
Depreciation and amortization	(317,245)	(191,559)
Unpaid annual leave	149,921	(145,056)
Reimbursable expenses	(629,388)	(663,261)
Trust fund expenses	(323,289)	(365,571)
Unfunded expenses	(1,199,884)	(1,424,788)
Unexpended appropriation – current year	68,805,436	77,754,205
Amounts obligated in previous years, expended in current year	(67,420,430)	(68,869,388)
Capital expenditures	<u>396,769</u>	<u>508,738</u>
Federal appropriation	<u>\$ 146,021,000</u>	<u>\$ 146,021,000</u>

Note 19 – Statement of Net Cost

Matching Grants - Challenge Grants and Treasury Fund Grants

Matching grants are awarded in most programs of the Endowment. A matching award entails an offer of NEH funding that is conditioned on an equivalent amount of fund-raising by the recipient. The Endowment uses two types of matching grants: Challenge Grants and Treasury Fund Grants.

Challenge grants are used to assist organizations in developing long-term sources of support for humanities programs, activities and resources. Some examples include the establishment of endowment funds, the purchase of capital equipment, the retirement of debt, and the renovation or construction of facilities. Recipients of a challenge grant must match every federal dollar with three nonfederal dollars in gifts to the grant recipients.

National Endowment for the Humanities
Notes to the Financial Statements
As of and for the Years Ended
September 30, 2015 and 2014
(In Dollars)

Note 19 – Statement of Net Cost (continued)

Treasury Fund grants are appropriated funds used to match nonfederal contributions in support of humanities projects. Treasury matching grants, which match nonfederal donations on a one-to-one basis, have proven to be an effective mechanism for leveraging the contributions of businesses, foundations, and individuals on behalf of the humanities.

Note 20 – Change in Accounting Estimate

The Endowment's policy and procedures regarding its grant liability require a periodic evaluation of underlying grant payment activity in order to determine the liability amount each year. During fiscal year 2015 the Endowment performed this evaluation using the most recent payment activity, which changed the base data used in calculating the liability in comparison to fiscal year 2014. Had the fiscal year 2014 base been used for this year, the fiscal year 2015 liabilities with the public would have increased by \$1,677,586. The underlying information used to calculate the liability for fiscal year 2015 will be used for the next four years and will then be reevaluated as described in the Endowment's accounting policy and procedures.

National Endowment for the Humanities

Required Supplementary Stewardship Information

Stewardship Investments

(Unaudited)

As of September 30, 2015

Investment in Non-Federal Physical Property

The National Endowment for the Humanities (NEH) provides a long term benefit to the public by maintaining its commitment to investing in non-Federal physical property. Non-Federal physical property refers to expenses incurred by the Federal government for the purchase, construction, or major renovation of physical property owned by state and local governments, including major additions, alterations, and replacements; the purchase of major equipment; and the purchase or improvement of other physical assets.

NEH's investment in non-Federal physical property currently includes facilities, structures, and equipment. The principal program funding this investment is Challenge Grants. This program is best understood as a lasting partnership between the community of humanities institutions and NEH. Through this program, NEH invested funding in historic buildings, conservation centers, museums, and libraries. For example, NEH grants funded: the restoration of buildings at the Historic Dyess Colony, Arkansas; the construction of the humanities portion of the public library in Lake County, Oregon; the expansion of the conservation facility at SUNY Buffalo State College; and the renovation of the historic Hilton Mansion House, Baltimore, Maryland.

The following exhibit shows the National Endowment for the Humanities investment in non-Federal physical property displayed in four major categories for FY 2015 and the previous four fiscal years.

Type of Property	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Historic Home/Building	-	-	\$684,809	\$315,191	-
Conservation Center	\$9,688	\$6,057	-	-	-
Museum/Library		\$500,000	\$150,000	\$500,606	\$548,906
Research/Lab Center			\$652,981	\$152,019	\$120,000
Total	\$9,688	\$506,057	\$1,487,790	\$967,816	\$668,906

IV. Other Accompanying Information

NEH Inspector General's Summary of Management Challenges

October 26, 2015

William Adams
Chairman, National Council on the Humanities
National Endowment for the Humanities
Washington, DC 20506

Dear Chairman Adams:

In accordance with the Reports Consolidation Act of 2000 (Public Law 106-531), I am submitting the annual statement summarizing what the Office of Inspector General considers to be the most serious management and performance challenges facing the National Endowment for the Humanities (NEH). This assessment is based on OIG reviews and inspections, as well as a general knowledge of the Agency's operations.

The OIG has identified two management and performance challenges for inclusion in the NEH's FY 2015 *Performance and Accountability Report* (PAR).

1. Information Technology Security
2. Continuity of Operations Planning

The Reports Consolidation Act of 2000 permits agency comment on the Inspector General's statements. Agency comments, if applicable, are to be included in the final version of the PAR that is due by November 16, 2015.

Laura Davis
Inspector General

Attachment

cc: Margaret Plympton, Deputy Chairman
Jeff Thomas, Assistant Chairman for Planning and Operations

**Inspector General’s Statement
on the
National Endowment for the Humanities’
Management and Performance Challenges**

FY 2015

Information Technology Security

The NEH relies on information management systems to carry out the Agency’s mission and operations, and to process, maintain, and report essential information. Protecting these systems and data is vital to public confidence and continues to be a challenge as threats to cyber assets continue to evolve.

The *Federal Information Security Management Act of 2002* (FISMA) requires each Federal agency to develop, document, and implement an agency-wide program to provide information security and develop a comprehensive framework to protect the government’s information, operations, and assets. Over the years, the NEH has realized steady progress in the implementation of an information security program consistent with FISMA and National Institute of Standards and Technology (NIST) requirements.

To further enhance the security of Federal information and information systems, the Office of Management and Budget (OMB) and the National Security Council (NSC) have identified cybersecurity as one of 14 Cross Agency Priority (CAP) Goals established in accordance with the *Government Performance and Results Modernization Act of 2010*. Rather than enforcing a static, point-in-time reauthorization process, Federal agencies are required to assess information security risks on an ongoing basis¹. The cybersecurity goal measures agency implementation of Trusted Internet Connections; ongoing observation, assessment, analysis, and diagnosis of the agency’s cybersecurity (Information Security Continuous Monitoring); and strong authentication through the use of multi-factor authentication in accordance with Homeland Security Presidential Directive 12 [HSPD-12] (Identity Credential and Access Management). For fiscal years 2015 through 2017, OMB and NSC have identified “Anti-Phishing and Malware Defense” as an additional priority area². The NEH continues to make progress pursuant to this cybersecurity goal.

Continuous Monitoring

NEH management issued a *Security Program and Risk Management Policy* in FY 2012. The policy defines the required components of a continuous monitoring plan and mandates the development of continuous monitoring plans (CMPs) for each major

¹ OMB Memorandum M-14-03, *Enhancing the Security of Federal Information and Information Systems*

² OMB Memorandum M-15-01, *Fiscal Year 2014-2015 Guidance on Improving Federal Information*

² OMB Memorandum M-15-01, *Fiscal Year 2014-2015 Guidance on Improving Federal Information Security and Privacy Management Practices*

information management system. While the Agency has instituted many of the core components of a continuous monitoring plan, individual CMPs for two of the three core information management systems remain to be completed and tested for compliance, as prescribed by the *NEH Security Program and Risk Management Policy*. Completed continuous monitoring plans will provide management with the necessary blueprint to assess the Agency's adherence to documented continuous monitoring procedures and will assist with the on-going development of continuous monitoring efforts.

HSPD-12 Implementation

As discussed in previous years, Homeland Security Presidential Directive 12 (HSPD-12), *Policy for a Common Identification Standard for Federal Employees and Contractors* (the Directive) requires the implementation of a mandatory, government-wide standard for secure and reliable forms of identification for Federal employees and contractors. Accordingly, the Secretary of Commerce issued Federal Information Processing Standard 201 (the Standard). Successful implementation of the Directive and the Standard increases the security of Federal facilities and information systems. In February 2011, the U.S. Department of Homeland Security issued a memorandum in which a plan of action for agencies was outlined to expedite full use of the PIV credentials for access to Federal facilities and logical access to information systems. According to the memorandum, each agency was to develop and issue an implementation policy by March 31, 2011, through which the agency would require the use of PIV credentials as the common means of authentication for access to that agency's facilities, networks, and information systems.

NEH management has completed the first phase of HSPD-12 implementation through execution of procedures to ensure the issuance of PIV credentials to all staff for purposes of gaining physical access to and throughout the Agency's facilities. In order to comply with the Directive and further tighten information system security, management should continue addressing current technical issues that prevent the Agency from moving forward with the second phase of HSPD-12 implementation (utilizing PIV credentials for logical access to NEH systems). During the interim, the OIG encourages the continued use of the two-factor identification process for remote users accessing the full suite of NEH applications.

Continuity of Operations Planning

In order to ensure the preservation of our form of Government under all conditions, it is the policy of the United States to maintain a comprehensive and effective continuity capability composed of Continuity of Operations (COOP) and Continuity of Government (COG) programs. Continuity requirements must be incorporated into the daily operations of all agencies to ensure seamless and immediate continuation of Primary Mission Essential Function capabilities so that critical government functions and services remain available to the Nation's citizens. Further, Agency information management systems are vulnerable to a variety of disruptions, ranging from mild (e.g., short-term power outage, disk drive failure) to severe (e.g., equipment destruction, fire). Vulnerability may be minimized or eliminated through management, operational, or technical controls as part

of the Agency's resiliency effort. The NEH has a documented business continuity and disaster recovery policy that generally provides sufficient direction and guidance to reduce confusion and potential impact from a disruptive event or disaster. However, there is always room for refinement concerning the Agency's disaster recovery plan.

An effective test, training, and exercise (TT&E) program is necessary to assist in the preparation and validation of an organization's continuity capabilities and program. Tests and exercises serve to assess and validate all components of continuity plans, policies, procedures, systems, and facilities used to respond to and recover from an emergency situation and identify issues for subsequent improvement. The last exercise to evaluate the NEH emergency response procedures was conducted in July 2012.

NEH Chairman's Response to Inspector General's Summary of Management Challenges

MEMORANDUM

Date: November 2, 2015

To: Laura Davis
Inspector General

From: William D. Adams
Chairman

Subject: Response to OIG's Management Challenges

Thank you for your thoughtful assessment of the most significant management challenges facing NEH as we enter fiscal year 2016. Our responses to your specific concerns are detailed below.

Information Technology Security

Continuous Monitoring

We agree that the agency must continuously improve information security to protect against emerging threats. To help attain this goal, NEH has instituted an agency-wide program aimed at improving our security posture. This program is embodied in NEH's Security Program and Risk Management Policy, which sets standards and expectations for information systems managed by NEH. Included in this policy is a requirement for each information system owner to create a continuous monitoring plan that meets the standards for FISMA compliance and furthers the Cross Agency Priority (CAP) goals.

The adoption of continuous monitoring will move NEH closer to the ideal of evaluating and responding to risk in real-time. NEH is moving forward in this area by budgeting for professional security services in FY 2016 that will aid in FISMA accreditation for the agency's General Support System (GSS). Our Office of Information Resources Management (OIRM) has met with the GSS service provider and has set a preliminary schedule for accreditation, which is tentatively scheduled for completion by the end of February 2016. Included in the accreditation package will be a continuous monitoring plan for the General Support System. Upon completion of the GSS accreditation, OIRM plans to conduct similar assessments of the Grants Management System and the Oracle Financial System.

HSPD-12 Implementation

In FY 2015 conducted a detailed assessment of the impact of implementing HSPD-12 logical access for NEH. While technically feasible, many usability and management concerns arose during this assessment. Accordingly, OIRM recommended against implementing this aspect of HSPD-12. The CIO concurred with the findings. Based on this thoughtful and well-documented assessment, the Chairman's Office decided not to move forward with implementation of the logical access component of HSPD-12.

I hasten to add that NEH continues to require two-factor authentication for full remote access through its virtual private network. OIRM is also considering the implementation of two-factor authentication for Window's Office 365 platform and has budgeted funds to make this attainable in FY 2016. Additionally, the CIO has determined that NEH staff must use two-factor authentication for access to the eGMS system from outside the agency LAN. This additional security measure will be implemented shortly.

NEH is cognizant of the need for two-factor authentication to safeguard sensitive data and is continuing to work toward full implementation where appropriate and beneficial.

Continuity of Operations Planning

NEH recognizes the need to test its continuity-of-operation plans (COOP) and procedures. Our plans to do so in FY 2015 were delayed by the agency's reconsideration of a key aspect of NEH's COOP: "to develop and maintain the capability to make payments to grantees and contractors during a time when all of the agency's other key functions are shut down." After considering a full range of technical and logistical problems that we would have to overcome in order to make such payments remotely, we have since modified the COOP to indicate that during a COOP situation the agency will place a high priority on recovering the capability to make payments so that we can restore that vital function immediately after the COOP situation. However, we will no longer attempt to actually process payments during a COOP.

This past year we have also drafted new and more helpful procedures for dealing with panel meetings that are scheduled to occur when the agency is operating under a COOP environment. We are now in the process of folding those procedures into the agency's existing COOP plan.

Once we have incorporated these two key changes into our plan, we will schedule a COOP exercise to test the efficacy of our new procedures. This exercise will conclude with an after-action report that will guide further updates and revisions to NEH's continuity of operations plan.

Summary of Financial and Management Assurances

Other Information

Table 1 - Summary of Financial Statement Audit for the Year Ending September 30, 2015

Audit Opinion	Unqualified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
No items to report	0	-	-	-	0
Total Material Weaknesses	0	-	-	-	0

Table 2 - Summary of Management Assurances for the Year Ending September 30, 2015

Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance		Unqualified				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
No items to report						
Total Material Weaknesses	0	-	-	-	-	0
Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance		Unqualified				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
No items to report	0	-	-	-	-	0
Total Material Weaknesses	0	-	-	-	-	0
Conformance with Financial management system requirements (FMFIA § 4)						
Statement of Assurance		Systems conform financial management system requirements				
Non-conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
No items to report	0	-	-	-	-	0
Total Material Weaknesses	0	-	-	-	-	0
Compliance with Federal Financial Management Improvement Act (FFMIA)						
*Not Applicable to Non-CFO Act Agencies per OMB Circular A-127 Sec. 8D						
		Agency		Auditor		
Overall Substantial Compliance		Not Applicable*		Not Applicable*		
1. System Requirements			Not Applicable*			
2. Accounting Standards			Not Applicable*			
3. USSGL at Transaction Level			Not Applicable*			

Improper Payments Improvement Act Reporting

Improper Payments Improvement Act (IPIA) Reporting

The Improper Payments Information Act of 2002 (IPIA) requires each agency to assess its programs and identify which, if any programs may be subject to high risk with respect to improper payments, and take corrective measures, as necessary. OMB has established specific reporting requirements for agencies with programs that possess a significant risk of erroneous payments and for reporting on results of recovery auditing activities.

On July 22, 2010, the President signed into law the Improper Payments Elimination and Recovery Act (IPERA, Public Law 111-204), which amends the IPIA Act, generally repeals the Recovery Auditing Act (RAA, Section 831 of the FY 2002 Defense Authorization Act, Public Law 107-107), and significantly increases agency payment recapture efforts — by expanding the types of payments that can be reviewed and lowering the threshold of annual outlays that requires agencies to conduct payment recapture audit programs.

A subsequent statute, the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA, Public Law 112-248), was signed into law on January 10, 2013. IPERIA mandates that agencies to improve the quality of oversight for high-dollar and high risk programs, and it requires agencies to share data regarding recipient eligibility and payment amounts.

IPERA defined a significant erroneous payment as an annual erroneous payment in a program that (1) exceeds both 2.5 percent of program outlays and \$10,000,000 of all program or activity payments made during the fiscal year reported or (2) \$100,000,000 (regardless of the improper payment percentage of total program outlays). The new law establishes a 2.5 percent improper payment rate threshold to determine risk susceptible programs (in addition to the monetary threshold identified above). OMB has determined as a policy matter that, beginning with fiscal year 2013 reporting, agencies should instead apply a 1.5 percent improper payment rate (with other aspects of the above definition unchanged).

On April 14, 2011, the Office of Management and Budget (OMB) issued government-wide guidance on the Improper Payments Elimination and Recovery Act (IPERA) in OMB Memorandum M-11-16: *Issuance of Revised Parts I and II to Appendix C of OMB Circular A-123*. Federal agencies are required to follow the steps in the revised A-123 to determine whether the risk of improper payments is significant and to provide valid annual estimates of improper payments.

THE CRITERIA FOR THE RISK ASSESSMENT

At the National Endowment for the Humanities (NEH), risk assessments are currently performed on an annual basis, although a three year rotation is an option. NEH management followed the steps in the revised OMB Circular A-123, Appendix C, Part I, to determine whether the risk of erroneous payments is significant.

IPERIA defines "payment" as payments made to Federal employees as well as non-Federal persons or entities. Therefore, agencies are not obligated to review intra-governmental transactions.

THE DESCRIPTION OF THE SAMPLING PROCESS

Using the following systematic process, NEH conducted an annual quantitative review of randomly selected individual grant payments of its major grant program. For each selected payment, the NEH verified the:

- a. existence of a properly approved grant award document;
- b. properly signed request for payment from the grantee;
- c. payment was made to the correct grantee's banking information on record;
- d. accuracy of the payment; and
- e. payment was charged to the correct grant obligation in Oracle.

THE DESCRIPTION OF THE CORRECTIVE ACTION PLAN

The result of the sampling was an error rate of zero percent for FY 2015 IPIA reporting; therefore, no corrective action plan was needed to manage and reduce improper payments.

NEH identified no programs and activities susceptible to significant improper payments, and consequently determined that no annual estimated amount of improper payments was necessary. OMB's guidance states "when calculating a program's annual improper payment amount, agencies should only utilize the amount paid improperly."

Results of FY 2015 testing for improper payments (in thousands of dollars)

Fund	Population Outlays	Tested Outlay Amount	Population Insufficient Documentation		Population Improper Payment Error	
			Dollars	Rate	Dollars	Rate
Major Grant Fund	\$85,883	\$3,220	-0-	0.0%	-0-	0.0%

IMPROPER PAYMENT REDUCTION OUTLOOK

The result of the sampling was an error rate of zero percent for FY 2015 IPIA reporting.

Improper payment reduction outlook: FY 2013 - FY 2017 (in thousands of dollars)

Program	FY 2013			FY 2014			FY 2015			FY 2016			FY 2017		
	Outlays	%	\$	Outlays	%	\$	Outlays	%	\$	Est Outlays	%	\$	Est Outlays	%	\$
Grant Program	\$119,878	0.0	-0-	\$111,711	0.0	-0-	\$117,216	0.0	-0-	\$115,000	0.0	-0-	\$115,000	0.0	-0-

RECOVERY OF IMPROPER PAYMENTS

Post-Payment Reviews:

NEH has not identified any program that constitutes a high-risk for improper payments. Therefore, NEH considers all of its payments to fall within the realm of low-risk. Consequently, NEH will not conduct post-payment reviews.

PAYMENT RECAPTURE AUDITS:

NEH remains at low risk of making improper payments. Based on the FY 2015 IPERA risk assessment, NEH will not perform recapture audits due to the low risk of making improper payments.

RISK ASSESSMENT AND OVERSIGHT BENEFITS

NEH assessment resulted in an FY 2015 IPIA reporting error rate of zero percent, demonstrating that overall, NEH has adequate internal controls over its payment process. To maintain a zero percent testing error rate, NEH continues to improve internal controls, conduct continuous internal monitoring of possible improper payments, use centralization of accounting functions, and improve communication and follow-up prior to payment authorization to reduce the potential for error.

MANAGEMENT ACCOUNTABILITY

Existing control processes and the implementation of the revised OMB Circular A-123 requirements continue to ensure that NEH's internal controls over financial reporting and systems are documented, sufficiently tested, and properly assessed. In turn, improved internal controls enhance safeguards against improper payments, fraud, waste, and abuse better ensure that the taxpayer dollars continue to be used effectively and efficiently to meet NEH's program objectives.

NEH USE OF THE DO NOT PAY SYSTEM

NEH initiated the enrollment process with the Do Not Pay system during the fourth quarter of FY 2015 and will be utilizing the continuous monitoring feature of the system, which will notify NEH officials of any existing vendors, grantees, or employees that have a potential match against several databases including the Social Security Death Master File, the General Services Administration Excluded Parties List System, the Department of the Treasury's Debt Check Database, among others. These potential matches are investigated to determine payment eligibility and may prevent improper payments. Until enrollment in the Do Not Pay system is complete, NEH will continue its strenuous review of authoritative systems as part of its contract and grant award and payment process, including use of the System for Award Management (SAM) and IRS TIN Matching systems. Given that payment sample testing has yielded zero improper payments over the past several years, no further prevention of improper payments is possible. However, NEH expects that the continuous monitoring feature within the Do Not Pay system will assist with data validation and will serve as an aid to ensure data quality.
